



SaskWater

Celebrating 10 Years

Celebrating 10 Years

Ten years ago, in 2002, SaskWater was re-mandated to operate exclusively as a commercial water utility. In the past 10 years, we have focused on growing the business and improving our financial performance. The full history of SaskWater, however, goes back to 1966 when we began operations as the Saskatchewan Water Supply Board. Follow this timeline to see some of the major milestones along our journey of service to Saskatchewan.



ANNUAL REPORT 2012



Celebrating 10 Years and 46 Years of Water Expertise



About SaskWater

SaskWater is Saskatchewan's commercial Crown water utility, helping communities, First Nations and industry gain access to reliable and professional water and wastewater services.

SaskWater provides professional water and wastewater services to 63 communities, seven rural municipalities, 81 rural pipeline groups, 15 industrial and approximately 236 commercial and end user customers.

The corporation owns eight water treatment plants, three wastewater facilities, 39 pump stations and approximately 862 km of pipeline. SaskWater also maintains customer-owned systems and provides operator training to 41 Saskatchewan First Nations communities.

Throughout the years, the emphasis has always been on supporting economic growth and the people of Saskatchewan.

SaskWater has defined four measurable strategic objectives to guide the corporation: Succeeding Financially; Growing the Business; Achieving Business Excellence; and Valuing Employees.

Corporate Profile

SaskWater is committed to providing the highest level of service to its customers. That promise is reflected in the corporation's Vision, Mission and Values.

Vision: to be Saskatchewan's water and wastewater utility of choice.

Mission: to provide reliable and professional water and wastewater services for Saskatchewan.

Values: Integrity, Professionalism, Sense of Community and Innovation.

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Letter of Transmittal

Moose Jaw, March 2013

To Her Honour
Vaughn C. Schofield
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

Dear Madam:

It is my honour to submit herewith the annual report of SaskWater for the year ending December 31, 2012.

The annual report includes the financial statements, duly certified by auditors for the corporation, in the form approved by the Treasury Board and in accordance with the Saskatchewan Water Corporation Act.

I have the honour to be your obedient servant.

Sincerely,



Ken Cheveldayoff
Minister Responsible for Saskatchewan Water Corporation

Minister's Message

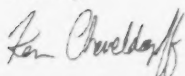
I am very pleased to present the 2012 Annual Report for SaskWater.

SaskWater is to be congratulated on reaching its 10th Anniversary as a commercial Crown corporation in 2012. As it celebrates another successful year, highlighted by a \$3 million surplus, the water utility has an increasingly important role to play in the growing economy of our province.

The Government of Saskatchewan released two important documents in 2012 that will guide our growth for the next several years. SaskWater has a vital connection to both of these plans. Premier Brad Wall announced the *Saskatchewan Plan for Growth*, and I had the honour of announcing the *25 Year Saskatchewan Water Security Plan*.

SaskWater contributes professional services that support these plans for growth and continues to develop infrastructure that allows Saskatchewan's industries and communities to expand. The corporation itself has grown tremendously in the past ten years, with the volume of water delivered increasing by 233%. SaskWater remains committed to providing safe and reliable water services to all its customers in the future.

Sincerely,



Ken Cheveldayoff
Minister Responsible for Saskatchewan Water Corporation



Letter to Stakeholders

SaskWater is focused on supporting the growth in the provincial economy and our growing population. Two of our key strategic priorities are to Grow the Business and to Succeed Financially. In 2012, the total volume of potable and non-potable water delivered to customers was 39.7 million cubic metres, an increase of 17% over 2011. SaskWater also received and treated 1.0 million cubic metres of wastewater. SaskWater generated a surplus of \$3 million in 2012, furthering our ability to invest in new growth opportunities and to refurbish existing assets.

SaskWater has been working extensively with the potash sector in recent years, and in 2012 we were very pleased to sign two major non-potable water supply agreements, one with K+S Potash Canada (K+S) and one with BHP Billiton (BHP) for their respective new mines. SaskWater completed construction of the new water supply system for K+S and began what will be a three year construction process for the BHP system.

Construction was completed on two new municipal water treatment plants in 2012, one for the Town of Gravelbourg and one for the Town of Cupar. To support the growing communities around Saskatoon, a new booster station was built at our Saskatoon Clarence Avenue location and a new pipeline was constructed to increase our capacity to the City of Warman. Service was expanded on the Wakaw-Humboldt system to add the One Arrow First Nation beginning in February 2012.

We are also busy working on our successes for the future.

SaskWater is developing a proposal for a water supply system to support the rapid industrial growth in the Regina – Moose Jaw corridor. This system could have capacity to serve new customers and support the growth of existing customers such as the expansion proposed by Yara at Belle Plaine.

We have taken the first steps towards expanding the Echo Regional Wastewater system that will happen in 2013. We will continue to work on a multi-year plan to refurbish the Saskatoon Southeast Water Supply System (SSEWS) canal that currently serves three potash mines and several local communities. We also anticipate beginning major upgrades to our water treatment system in White City in 2013.

*On October 1, 2012
SaskWater celebrated
its 10th anniversary since
its mandate was changed
to operate exclusively as a
commercial water utility.*

We have a long history, going back to 1966 as the Saskatchewan Water Supply Board, and over the years we have grown with our existing customers, developed new business relationships, and become increasingly more efficient at what we do. On October 1, 2012, SaskWater celebrated its 10th anniversary since its mandate was changed to operate exclusively as a commercial water utility. Please take a moment to review the timeline in the front cover of this report to see some of the many highlights in our history.



Glen Rittinger, Chair of the Board, left, Doug Matthies, President, right.

As a water utility, long term success requires a workforce, systems and processes that consistently deliver safe and reliable water. To track how we are doing, SaskWater hires a consultant every two years to conduct an independent Customer Satisfaction Survey. The 2012 results indicate a very high level of overall customer satisfaction with an average rating of 8.54 on a scale of 1 to 10.

A handwritten signature of Doug Matthies in cursive script.

Doug Matthies
President

Thank you to our customers for their continued support and to our employees whose dedication and commitment to excellence generated the solid results that have been achieved.

A handwritten signature of Glen Rittinger in cursive script.

Glen Rittinger
Chair of the Board

Lines of Business

Systems Map

Current service in Saskatchewan

SaskWater currently owns and/or operates potable, non-potable and wastewater waterworks in the following locations/regions:

- 1 La Ronge
- 2 Pierceland
- 3 Jackfish Lake Area
- 4 Nipawin
- 5 Melfort Area
- 6 Wakaw-Humboldt Area
- 7 Saskatoon Area
- 8 Hanley-Watrous-Lanigan Area
- 9 Elbow
- 10 Cupar
- 11 Edenwold
- 12 Buffalo Pound Area
- 13 Moose Jaw (Geothermal)
- 14 Fort Qu'Appelle
- 15 White City
- 16 Gravelbourg
- 17 Halbrite



SaskWater's Core Lines of Business Include:

- potable water supply
- non-potable water supply
- wastewater treatment and management
- certified operations and maintenance (COM)
- project management
- water and wastewater training
- remote monitoring
- water leak detection

Potable Water Supply

SaskWater's potable water supply business refers to the delivery of water that is suitable for human consumption in accordance with applicable regulations. Municipalities represent the largest consumers of potable water. SaskWater also delivers potable water to rural pipeline groups and businesses.

The majority of SaskWater's municipal customers own and operate their local distribution systems and manage the relationship with their residents. SaskWater provides wholesale water delivery service to the community, who then delivers the service to its residents.

Stand-alone systems

SaskWater's mandate enables the corporation to purchase and operate municipal waterworks or to construct new water supply and treatment systems. SaskWater currently owns and operates stand-alone systems in Elbow, White City, Pierceland, Edenwold, Gravelbourg and Cupar.

Regional systems

For many rural communities, regional water systems are the most cost-effective and sustainable solutions to their water needs.

SaskWater owns and operates the Wakaw-Humboldt and Melfort regional potable water systems. These systems consist of a single treatment plant that produces and distributes potable water to surrounding communities through a pipeline network. Water treatment plants for these two regional systems are located in Wakaw and Melfort. Together these systems supply potable water to 17 communities and several rural pipeline groups.

SaskWater also owns and operates two regional potable water systems where the water is purchased from other suppliers. SaskWater purchases potable water from the City of Saskatoon and delivers it to surrounding communities, industries, other commercial businesses, and pipeline groups through an extensive pipeline network. SaskWater also purchases potable water from the Buffalo Pound Water Administration Board and the City of Regina, sourced from the Buffalo Pound Treatment Plant, and delivers it to surrounding communities and industries.

In 2012, SaskWater delivered 6.2 billion litres of high quality drinking water (2011: 6.0 billion litres).

Non-Potable Water Supply

SaskWater's non-potable water supply business refers to the delivery of water that is considered not suitable for human consumption in accordance with applicable regulations.

The majority of SaskWater's non-potable water supply is delivered in large volumes to industrial customers for processing and manufacturing operations, including potash mines and fertilizer manufacturers.

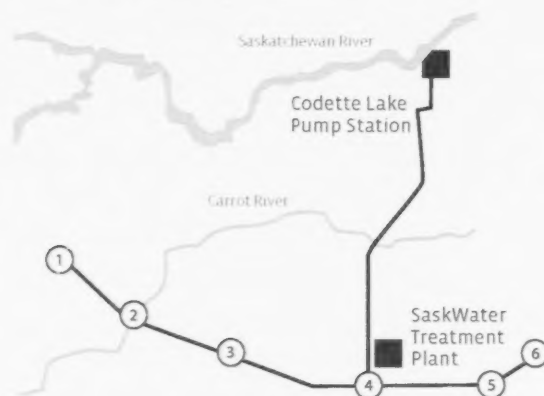
Municipal customers also purchase non-potable water from SaskWater. These customers own water treatment facilities and perform their own treatment processes prior to residential delivery.

Saskatoon Area: Potable Water Supply System



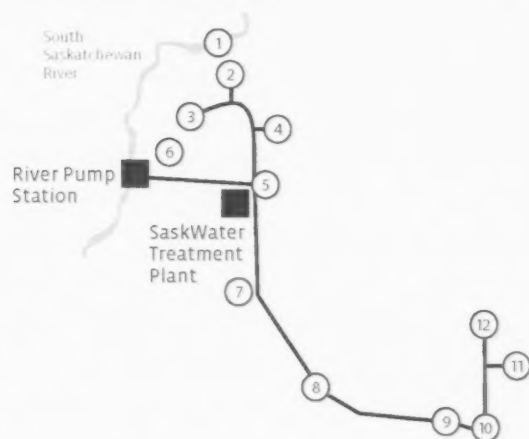
- | | | |
|-----------------|------------------------------------|--------------------------|
| 1. Hepburn | 8. ERCO Worldwide | 15. Grasswood |
| 2. Hague | 9. BizHub Developments Ltd. | 16. Cargill Ltd. |
| 3. Osler | 10. Akzo Chemicals | 17. Casa Rio/Wood Meadow |
| 4. Dalmeny | 11. Perkins Ag Marketing Inc. | 18. Clavet |
| 5. Aberdeen | 12. Prairie Pride Chick Sales Ltd. | 19. Bradwell |
| 6. Warman | 13. Chemtrade West | 20. Elstow |
| 7. Martensville | 14. Sunset Estates | 21. Allan |

Melfort Area: Potable Water Supply System



- | |
|----------------------|
| 1. Weldon |
| 2. Kinistino |
| 3. Beatty |
| 4. Melfort |
| 5. Star City |
| 6. Star City Farming |

Wakaw-Humboldt Area: Potable Water Supply System



- | | |
|----------------------------|-----------------|
| 1. St. Louis | 7. Cudworth |
| 2. Hoey | 8. Bruno |
| 3. St. Isidore-de-Bellevue | 9. Humboldt |
| 4. Domremy | 10. Muenster |
| 5. Wakaw | 11. Anaheim |
| 6. One Arrow First Nation | 12. Lake Lenore |

Buffalo Pound Area: Potable Water Supply System



- | |
|----------------------------------|
| 1. Bethune |
| 2. Arm River Farming |
| 3. Buffalo Plains Cattle Company |
| 4. Disley |
| 5. K+S Potash Canada |
| 6. Marquis |
| 7. Tuxford |
| 8. Yara Belle Plaine Inc. |
| 9. Canadian Salt |
| 10. Grand Coulee |

Regina East: Potable Water Supply Systems



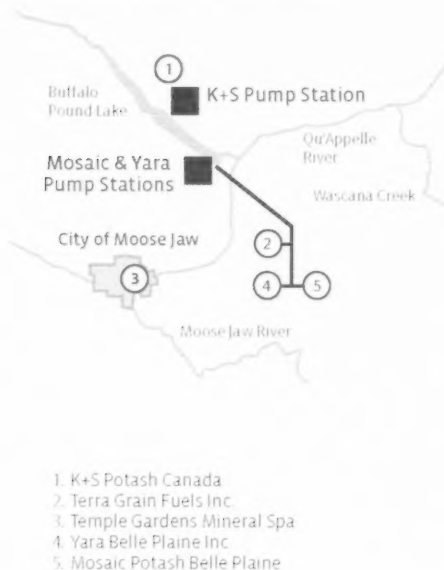
Saskatoon Area: Non-Potable Water Supply System



Saskatoon Southeast: Non-Potable Water Supply System



Buffalo Pound Area: Non-Potable Water Supply System



SaskWater owns and operates non-potable water systems in the areas surrounding Saskatoon, Buffalo Pound Lake, Regina and along the Saskatoon Southeast Water Supply System.

In 2012, SaskWater delivered 33.5 billion litres of non-potable water (2011: 28.1 billion litres).

Wastewater Treatment and Management

SaskWater owns and operates wastewater facilities in Nipawin, Pierceland and Fort Qu'Appelle.

The Nipawin Regional Wastewater System, which also serves Bunge Canada Ltd., had the temporary aeration system that was installed in Bunge's industrial primary treatment cell removed in the fall of 2012. The subsequent effluent toxicity test undertaken by the Water Security Agency met the new provincial *Wastewater Regulations*.

The Echo Regional Wastewater System in Fort Qu'Appelle is nearing its design capacity. SaskWater has been monitoring the liquid level in the evaporation basin since the spring of 2012 and is planning the design and construction work to upgrade the system.

In 2012, SaskWater received and treated 1.0 billion litres of wastewater.

Certified Operations and Maintenance (COM)

SaskWater contracts with 15 communities and rural pipeline groups to provide certified operations and maintenance of their water and wastewater systems, including:

- water supply works
- water treatment plants
- storage facilities
- distribution systems
- wastewater collection systems
- wastewater treatment facilities

The above services are supervised or performed by certified operators.

We also provide regulatory reporting and consultation, emergency planning, and customer support services.

SaskWater is able to offer the services of its qualified certified operators to communities and rural pipeline groups located near our existing operating centres.

Project Management

SaskWater provides project management services for customers to plan and manage the design and construction of water and wastewater infrastructure projects.

In 2012, SaskWater's project management activities continued to support the potash industry as companies investigate water supplies for potential new mines.

Water and Wastewater Training

SaskWater works on behalf of Aboriginal Affairs and Northern Development Canada (AANDC) to provide operator training to Saskatchewan First Nations. In 2012, SaskWater trained 73 water and wastewater operators at 41 First Nations.

The goal of SaskWater's training program is to assist in providing a safe water supply to residents and to safeguard their valuable water and wastewater infrastructure investment. The program began in 1978 and has evolved and expanded over the years to suit the specific water and wastewater operational needs of First Nations communities as they adapt to frequently changing technology and increasingly stringent regulatory requirements.

Benefits to First Nations communities include:

- enhanced quality of water and wastewater operation
- emergency technical assistance as required
- limited service disruptions and threats to public water quality and supply
- progressive operator development, including certification tutorial support
- annual water consumption records collection and reporting representation at project management team meetings on behalf of First Nations receiving new facilities or significant facility upgrades and, upon request, participation in relevant stakeholder meetings

Remote Monitoring

Partnering with TransGas (a subsidiary of SaskEnergy), SaskWater uses a Supervisory Control and Data Acquisition (SCADA) system to remotely monitor 48 SaskWater and customer owned facilities across the province 24 hours a day, 365 days a year.

SCADA helps SaskWater improve services, enhance water quality monitoring and reduce costs. Operating water and wastewater systems for communities in a province the size of Saskatchewan can be challenging. SaskWater serves approximately 62,000 people in 63 communities in a province that covers 140,000 square kilometres.

By remotely monitoring SaskWater facilities, cost for travel to sites is reduced and field staff can focus more time on preventative maintenance and facility improvements, providing a higher level of service to our customers.

Water Leak Detection

SaskWater provides leak detection services using acoustic correlation technology to detect subsurface water leaks and conduct leak audits on distribution systems.

This service strengthens SaskWater's commitment to provide safe, quality water to Saskatchewan communities as leaks of any size can damage infrastructure, contaminate a water supply, deprive a community of considerable revenue and waste a valuable natural resource.



Randomn Swan, Supervisor, SCADA Operations (front) and Brent Stephansson, Technologist, SCADA Operations, at the SCADA office in Regina.

Strategic Plan & Balanced Scorecard

SaskWater is a subsidiary of Crown Investments Corporation (CIC) and receives strategic direction from the shareholder. SaskWater annually prepares a Performance Management Plan that outlines its strategic plan, business goals and performance objectives. The 2012 Performance Management Plan is based on the Corporation's current Strategic Plan.



The Strategic Plan identifies four goals: Succeeding Financially, Growing the Business, Achieving Business Excellence and Valuing Employees. These goals support the mandate, vision, mission and values of the organization and provide direction. Each goal is supported by corporate objectives that identify key strategic areas that the Corporation must address. Through the Strategic Plan, employees develop their work plans and identify initiatives where they will focus their attention to support the Corporation's goals and objectives.

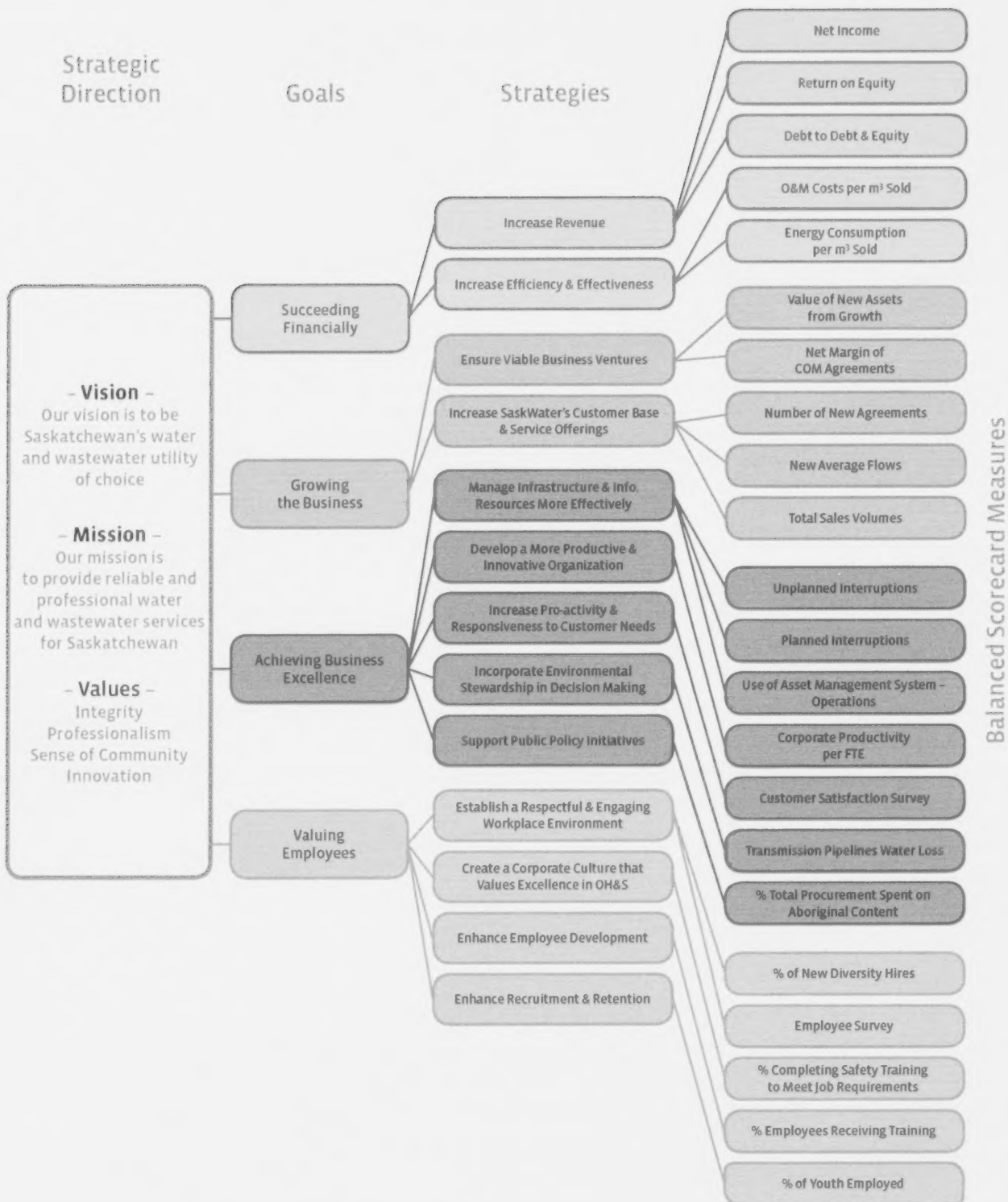
The Board of Directors revisits the Strategic and Performance Management Plans annually to review progress and establish priorities for the following year. In 2012, the Board of Directors reconfirmed SaskWater's key priorities with particular emphasis on Succeeding Financially and Growing the Business to support the growth of the province.

SaskWater measures its progress on its strategic goals and objectives through its Balanced Scorecard. Each year, SaskWater comprehensively reviews its measures and targets to ensure they

continue to be appropriate and challenging. In 2012, SaskWater streamlined its targets to ensure that the Corporation is focusing its attention in the right areas.

The Succeeding Financially measures demonstrate SaskWater's commitment to improve its financial performance and be a sustainable Crown corporation. The measures associated with Growing the Business emphasize the need for new and expanding opportunities with strong business cases. The Business Excellence measures highlight the importance of providing safe and reliable water to customers. Valuing Employees demonstrates that the achievement of corporate goals is dependent on the safety and engagement of employees and the Corporation's ability to recruit and retain employees.

Performance results are reported to CIC quarterly, and SaskWater is accountable to the shareholder in meeting its targets. The following Balanced Scorecard outlines the Corporation's achievement of its performance measures for 2012.



Succeeding Financially

Strategic Objective	Measure	2012 Target	2012 Result	Indicator Light	2013 Target	2014 Target	2015 Target	2016 Target	2017 Target
Increase Revenue	1 Net Income ('000's)	\$1,648	\$3,049		\$3,975	\$4,176	\$4,687	\$5,186	\$5,741
	2 Return on Equity	4.2%	7.5%		9.0%	8.7%	8.9%	9.0%	9.1%
	3 Debt to Debt & Equity	57.8%	53.9%		57.0%	57.3%	57.2%	56.2%	55.2%
Increase Efficiency & Effectiveness	4 O&M Costs per m ³ Sold	\$0.27	\$0.30		\$0.30	\$0.28	\$0.27	\$0.27	\$0.27
	5 Energy Consumption per m ³ Sold (kWh)	0.720	0.681		N/A	N/A	N/A	N/A	N/A

SaskWater tracks its financial sustainability through its net income, return on equity (ROE) and debt to debt & equity. Net Income and ROE results for 2012 are above target due to project management services being above budget. The K+S Potash Canada Meter Building project and the SSEWS – Canal Review alone generated \$1.37 million in project management revenues, and both were not originally budgeted for as their contracts were signed after the budgeting process. Net income has experienced an upward trend since 2002, from a \$3.3 million deficit in 2002 to a surplus of \$3.0 million in 2012.

The Corporation seeks to improve operations and financial sustainability through programs geared toward efficiency and effectiveness. SaskWater has initiated a pump operation program to operate transmission pipelines and pump stations at the most efficient energy levels. This program has resulted in reduced energy consumption and power costs for the Corporation for two of its water supply systems. Also, the addition of Mosaic's water supply system has positively impacted Energy Consumption per m³ Sold by improving the energy ratio per volume consumed.

Growing the Business

Strategic Objective	Measure	2012 Target	2012 Result	Indicator Light	2013 Target	2014 Target	2015 Target	2016 Target	2017 Target
Ensure Viable Business Ventures	6 Value of New Assets from Growth (000's)	\$29,882	\$36,636		N/A	N/A	N/A	N/A	N/A
	7 Net Margin of COM Agreements (000's)	\$382	\$364		\$371	\$387	\$468	\$504	\$543
Increase SaskWater's Customer Base & Service Offerings	8 Number of New Agreements	11	5		6	3	3	4	5
	9 New Average Flows (l/s) ¹	663	597		410	694	0	197	626
	10 Total Sales Volumes (000's) m ³	45,731	40,631		N/A	N/A	N/A	N/A	N/A

SaskWater is focused on expanding its presence in the province. One way in which the Corporation measures its growth is through its Value of New Assets from Growth performance measure. In addition to the projects budgeted for 2012, two others were also carried forward from 2011, which contributed to the higher than targeted result for this measure. To better track the addition of new capital, this measure will be changed in 2013 to Value of New Capital Investment to Support Growth. The revised measure will track net capital expenditures on new projects and expansions.

SaskWater signed five new agreements in 2012 with K+S Potash Canada, Taylor Concrete, BHP Billiton, Waldorf Ranch, and Dundurn Rural Water Utility. SaskWater did not meet its 2012 Number of New Agreements target as many of the agreements that were expected to be signed in 2012 did not go forward as originally anticipated. When targets are set for this measure, there is much speculation involved, and the status of potential projects can change very quickly due to funding availability and project life cycles. Although the result for this measure is below target, it is on track with previous years.

In 2012, SaskWater added a new measure to track the increase in maximum contracted flows resulting from expansions. New Average Flows totaled 597 l/s in 2012. In 2013, this measure will change slightly to better reflect when flows are captured in the measure. The revised measure will be tied to the Number of New Agreements measure with flow results increasing as new agreements are signed. SaskWater is continually working to improve its performance measures.

Total Sales Volumes in m³ is slightly below target compared to budget due to decreased consumption from industrial customers. Volumes have an impact on revenues as rates are volumetric-based.

¹ Changed to New Contracted Flows in 2013.

Legend

-  Exceeded target by 20% or greater
-  On target
-  Slightly off target by up to 20%
-  Off target by greater than 20%
-  Target information not available

Achieving Business Excellence

Strategic Objective		Measure	2012 Target	2012 Result	Indicator Light	2013 Target	2014 Target	2015 Target	2016 Target	2017 Target
Manage Our Infrastructure & Information Resources More Effectively	11	Unplanned Service Interruptions ²	35	32		N/A	N/A	N/A	N/A	N/A
	12	Planned Service Interruptions ³	25	16		N/A	N/A	N/A	N/A	N/A
	13	Use of Asset Management System Among Operations	70%	47%		N/A	N/A	N/A	N/A	N/A
Develop a More Productive & Innovative Organization	14	Corporate Productivity per FTE (000's)	\$367	\$397		\$377	\$382	\$397	\$423	\$479
Increase Proactivity & Responsiveness to Customer Needs	15	Customer Satisfaction Survey	8.10	8.54		N/A	8.20	N/A	8.30	N/A
Incorporate Environmental Stewardship in Decision Making	16	Transmission Pipelines Water Loss ⁴	3.00%	2.40%		N/A	N/A	N/A	N/A	N/A
Support Public Policy Initiatives	17	Percentage of Total Procurement Spent on Aboriginal Content	0.240%	0.780%		N/A	N/A	N/A	N/A	N/A

In 2012, SaskWater conducted its biennial Customer Satisfaction Survey. Customers' overall satisfaction has increased among all groups compared to 2010. We earned an average rating of 8.54 in 2012, an improvement over the 2010 rating of 8.42. The areas most important to customers are safety and reliability, and SaskWater rated highly in both.

SaskWater supports environmental stewardship by promoting the efficient use of natural resources. The Corporation tracks performance in environmental stewardship through its Transmission Pipelines Water Loss measure with a goal to achieve or exceed industry standards for water loss. In 2012, SaskWater met its target for water loss. In 2013, this measure will be rolled into a more comprehensive index measure that tracks the reliability of SaskWater's systems.

SaskWater did not achieve its target for the Use of Asset Management System Among Operations. Hardware and software did not function as expected resulting in delays to correct the problems. Half of the devices expected to be put in service in 2012 are delayed until 2013.

SaskWater supports building relationships with First Nations. The past two years, SaskWater has been involved with seven First Nations communities, connecting 13 individuals to Eco Canada's Building Environmental Aboriginal Human Resources (BEAHR) Monitor Program facilitated by Indigenous Visions Inc. This program trains First Nations individuals as environmental monitors. SaskWater directly and indirectly employed seven of these individuals on its BHP Billiton and K+S projects.

² Included in the 2013 System Reliability Index measure.

³ Indicator colour is green because of a change in strategy in 2012 to reduce interruptions where possible, benefiting customers. However, SaskWater has retained the calculation for this measure in keeping with the integrity of the approved definition.

⁴ Included in the 2013 System Reliability Index measure.

Valuing Employees

Strategic Objective	Measure	2012 Target	2012 Result	Indicator Light	2013 Target	2014 Target	2015 Target	2016 Target	2017 Target
Establish a Respectful & Engaging Workplace Environment	18 Percentage of New Diversity Hires	20%	33%		25%	30%	30%	30%	30%
	19 Employee Survey	N/A	N/A		70%	N/A	72%	N/A	74%
Create a Corporate Culture that Values Excellence in OH&S	20 Percentage of Employees Completing their Full Safety Training Complement to Meet Job Requirements	25%	42%		50%	60%	70%	80%	80%
Enhance Employee Development	21 Percentage of Employees Receiving Training	70%	80%		N/A	N/A	N/A	N/A	N/A
Enhance Recruitment & Retention	22 Percentage of Youth Employed	30%	30%		30%	32%	34%	35%	35%

SaskWater is committed to developing a workplace that is reflective of Saskatchewan's demographics. The Percentage of New Diversity Hires measure combines the total of new hires for the four diversity groups: women in under-represented and management groups, Aboriginals, people with disabilities and visible minorities. In the Corporation was successful in meeting its target for this measure.

SaskWater places strong emphasis on safety and tracks its commitment to safety through its Percentage of Employees Completing their Full Safety Training Complement to Meet Job Requirements measure. Due to focused planning and commitment made by managers, SaskWater not only achieved but also exceeded the OH&S training objective in 2012, recognizing the importance of ensuring that no employee is put at risk. Results for this measure are impacted by certification expiry of some employees and new recruitments hired in the year. Due to these fluctuations, it is unlikely that results will exceed 80%.

Legend

-  Exceeded target by 20% or greater
-  On target
-  Slightly off target by up to 20%
-  Off target by greater than 20%
-  Target information not available

Valuing Employees



Shauna McClinton, Customer Service Representative, Ifeanyi Onyeka, Project Engineer, and Kimberly Rust, Administrative Assistant, at the SaskWater head office in Moose Jaw.

SaskWater values its employees as they are the foundation of the organization and are key to the services we provide. As part of our commitment to valuing employees, SaskWater is dedicated to employee wellness and safety, and strives to create an inclusive and respectful workplace, offer competitive benefit and wage packages, and provide professional development opportunities.

Strategies for Valuing Employees

- Promote a Respectful and Engaging Workforce
- Enhance Employee Development
- Enhance Recruitment and Retention

10 Years as a Commercial Crown, 46 Years of History

On October 1, 2012, SaskWater celebrated its official ten year anniversary exclusively as a commercial water utility. Yet the water corporation has been around for 46 years. It started out as the Saskatchewan Water Supply Board on April 7, 1966. Over the years it was re-organized several times. On July 1, 1984, the Water Supply Board became SaskWater, a new Crown corporation with broad water stewardship and utility responsibilities. In 2002, SaskWater was restructured and re-focused again into its current form. The commercial water utility business stayed in SaskWater, and other functions such as water management and regulatory enforcement moved to a new Treasury Board Crown corporation, the Saskatchewan Watershed Authority. (The Watershed Authority underwent its own reorganization in 2012 to become the Water Security Agency.)

Over the past decade, SaskWater has grown significantly.

- The annual report in 2002 indicates total revenues of \$14.5 million, with a deficit of \$3.3 million. Ten years later, revenues had more than doubled to \$41.8 million and SaskWater generated a surplus of \$3 million.

- In 2002, SaskWater had total assets of \$70 million; ten years later, assets have grown to \$186 million.
- The debt situation is also greatly improved. In 2002, the corporation's debt to equity ratio was 77.3%; ten years later it is a much more manageable 53.9%.
- In 2002 SaskWater delivered 17 billion litres of potable and non-potable water; by the end of 2012 that number rose to just under 40 billion litres.
- In 2002, SaskWater served an estimated 30,000 residents in Saskatchewan. In 2012 we served more than 62,000.
- In 2002, SaskWater had about 70 staff working out of eight different locations, and today we are up to 113 staff working out of 15 different communities.

As a commercial Crown, SaskWater's vision is to be Saskatchewan's water and wastewater utility of choice. Our success has been influenced by a focus on growing the business, both for new and expanding customers, and by significant project management work for the potash industry.

Ten years after it evolved into its current form, SaskWater continues in this capacity, helping communities, First Nations and industry gain access to reliable and professional water and wastewater services.



Dean Bellegarde, Aboriginal Advisor to the President at the SaskWater head office in Moose Jaw.

Employees

At SaskWater, employees are the corporation's most important asset and provide a valuable connection to our customers, industry contacts and the general public.

Headquartered in Moose Jaw, SaskWater has approximately 113 employees working in 15 provincial locations: Moose Jaw, Watrous, Prince Albert, Saskatoon, Hanley, Wakaw, Melfort, Regina, White City, Elbow, Gravelbourg, Meota, Cochin, La Ronge and Cupar.

SaskWater operates in a unionized environment; 75 of our permanent employees are members of the Communications, Energy and Paperworkers Union, Local 820.

Diversity

At SaskWater, we also understand the importance of a diverse workforce to support our operations and help us continue to be an innovative and forward-looking corporation in Saskatchewan.

In 2012, designated equity group members – Aboriginal persons, persons with disabilities, women in under-represented and management roles, and visible minorities – represented 25.7% of SaskWater's workforce. To further support diversity, we continue to deliver an *Aboriginal Cultural Awareness Program (ACAP)* to SaskWater employees. In 2012, 19 of our employees attended this program, bringing the total number of employees trained to 93.8%.

Our employees also attend *Respect in the Workplace* interactive workshops. Employees develop an understanding of how beliefs and values shape behaviour, and they learn how to bridge differences in the workplace. Thirteen of our employees attended this training in 2012, bringing the total number of employees trained to 85.8%.

One *Building Successful Working Relationships* workshop was delivered in 2012. This workshop is the next step in building and maintaining a respectful workplace environment. Ten SaskWater employees participated in this workshop in 2012, as a supplement to *Respect in the Workplace*, bringing the total employees trained to 40.7%.

Training

SaskWater encourages and supports training in the areas of ongoing education and professional development for employees. Training is offered to upgrade the knowledge and skills of employees. This increases organizational effectiveness by raising overall employee performance.

In 2012, 107 employees took part in training initiatives which included continuing their formal education and attending conferences, workshops, seminars, occupational health and safety and mandatory training for new employees.

Education

In the water and wastewater industry, education is important, whether it is teaching youth about how safe drinking water gets to their taps or supporting students in their post-secondary education.

Investing in post-secondary education is investing in SaskWater's future employees and the future workforce of Saskatchewan. SaskWater's scholarships, co-op terms and internships show our commitment to recruit promising young talent in Saskatchewan.

The SaskWater SIAST Award provides \$2,000 per year to recognize the achievement of a student in the Water Resources Engineering Technology program at SIAST Palliser Campus and to provide him or her with encouragement and support upon graduation from the program.

In addition to providing work placements for SIAST co-op students, SaskWater participates in the Gradworks intern program, established by Crown Investments Corporation, with the goal of providing recent post-secondary graduates with challenging and career-focused positions which allow them to gain experience and develop specific career-related skills.

In 2012, three Gradworks interns were provided work placement opportunities with SaskWater in Engineering and Operations. Also, three existing interns hired in 2011 whose internships carried into 2012 left to pursue other career opportunities.

Community Investment

As one of the province's commercial Crown corporations, part of SaskWater's role is to support Saskatchewan communities. This includes a commitment to improving the social health and well-being of Saskatchewan's people.

SaskWater achieves this objective through its Community Investment program by awarding scholarships and bursaries and helping celebrate the success of local business.

Through its Community Investment program, SaskWater also supports Saskatchewan communities by providing sponsorships and donations.

SaskWater invests in activities where the corporation operates and has facilities. Priority is given to activities that demonstrate environmental stewardship and diversity and Aboriginal peoples' involvement in business and employment.

In 2012, SaskWater supported approximately 93 events and activities which benefitted more than 40 communities throughout the province. These sponsorships included events such as the Martensville Spray and Play Splash Park, the Annual Summer Sizzler in Humboldt, Indigenous Visions, and the Saskatchewan Festival of Words.

SaskWater was also pleased to be involved with both the University of Regina and the University of Saskatchewan with their chapters of Engineers without Borders (EWB). With our sponsorship, EWB was able to deliver *Water for the World* workshops to students outside of Regina and Saskatoon in our customer communities. Workshops were delivered in Warman, Dalmeny, Vanscoy, Hepburn, Star City, Allan, Hague, Wakaw, Caronport, Bethune, Loreburn, Lumsden, Cupar, Balgonie, Muenster and Watrous.



Nish Prasad and Brad Risser,
Account Managers, Sales.

During the workshops, students from a variety of grades learned about water issues in Canada and how gaining access to safe water is a challenge for people in developing communities around the world. Part of this learning involves an interactive session in which students build a mini water filter out of a 2-litre pop bottle with layers of sand, gravel and rocks.

SaskWater also supported a contest with the Saskatchewan Association of Watersheds for students from Grade 9 to 12 in 2012 with a \$1,500 educational post secondary RESP.

Business

SaskWater supports local businesses in Saskatchewan by sponsoring events such as the Paul J. Hill School of Business annual business dinner, the Business and Professional Women's Organization with their Careers Unlimited Conference, the Saskatchewan Municipal Awards as the sponsor for the Regional Leadership and Partnerships Award, the SIAST Business & Industry Banquet in Moose Jaw and the ABEX (Awards of Business Excellence) Gala in Nipawin.

SaskWater also sponsors the Environment award at the annual Saskatchewan Chamber of Commerce ABEX Awards, as well as the Business Innovation Award at the Moose Jaw Chamber of Commerce ABEX Awards.

Partnerships

SaskWater's commitment to provide reliable and professional water and wastewater services would not be realized without key industry partners.

SaskWater has a memorandum of understanding with the Consulting Engineers of Saskatchewan (CES) that guides our relationship and provides for an effective use of private sector resources. SaskWater collaborates with CES in many areas, including the review of water and wastewater technology and exchanges of information, experiences and best practices.

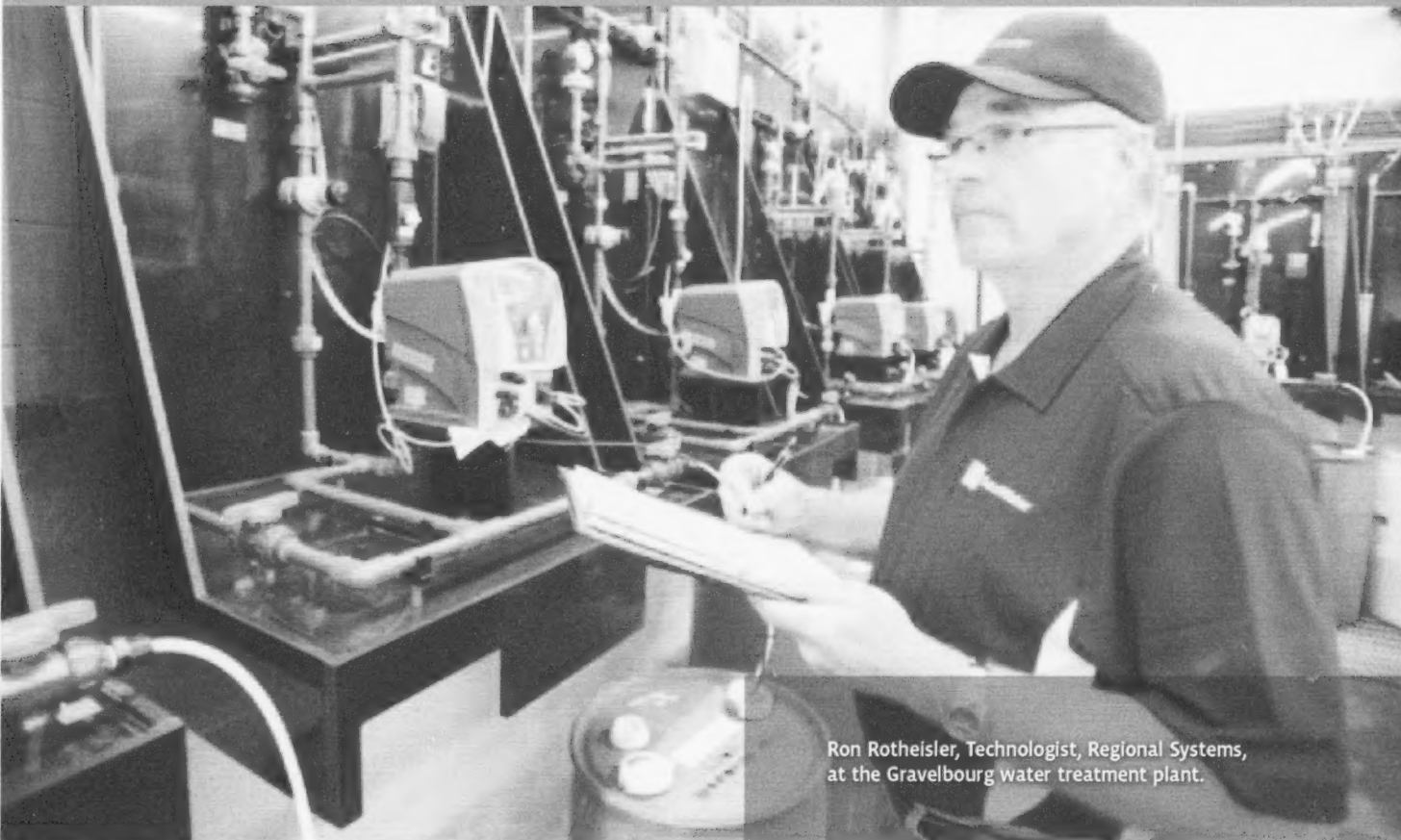
Every other year, SaskWater partners with CES on a Technical Exchange. Consultants, operators and regulators, including Saskatchewan Environment, meet and share knowledge to the benefit of Saskatchewan's entire water and wastewater industry. The next technical exchange is scheduled for 2013.

SaskWater also values its ongoing relationship with the Saskatchewan Urban Municipalities Association (SUMA). This relationship includes a Diamond sponsorship of SUMA's annual convention, and allows the corporation to:

- enhance relationships with existing customers and reach new customers
- promote an understanding of our business
- share our expertise and experience in water and wastewater management
- work together to provide safe, quality water products and services to Saskatchewan municipalities

SaskWater also supports the work of organizations such as Western Canada Water, the Saskatchewan Water and Wastewater Association, the Saskatchewan Association of Watersheds and the Urban Municipal Administrators Association of Saskatchewan.

Achieving Business Excellence



Ron Rotheisler, Technologist, Regional Systems,
at the Gravelbourg water treatment plant.

Providing quality services to our customers is important to SaskWater, and we are focusing on how we can excel as a business and a service provider. SaskWater will continue to deliver on our promise to provide safe and reliable water and wastewater services to our customers. We do this by having knowledgeable and experienced operators, reliable infrastructure, excellent customer service and professional expertise regarding the provision of water and wastewater services.

Strategies for Achieving Business Excellence

- Manage Our Infrastructure and Information Resources
More Effectively
- Become a More Innovative and Productive Organization
- Develop Corporate Policies
- Increase Our Responsiveness to Our Customers' Needs
- Environmental Stewardship

Efficiency Reporting

Enhancing the efficiency and effectiveness of operations

SaskWater's efficiency strategy continues to foster a culture of corporate resourcefulness. Staff are encouraged to find ways to become more efficient in their work, improve the effectiveness of existing assets and time spent on maintenance activities, and find innovative ways to reduce power costs.

Employees have used their ingenuity to be more efficient in providing service to customers. The following examples highlight initiatives implemented in 2012.

Customer Service

For many years, customer service employees hand stuffed customer bills. The corporation could not justify spending \$14,000 on a new billing machine for the small number of bills sent each month (approximately 300). Due to the mechanical inclinations of a customer service employee, a second hand billing machine was purchased and refurbished by this individual for \$1,800.

This machine has reduced the time to stuff bills from one day to one half hour. This has improved the productivity and efficiency of customer service staff.

Instrumentation and Electrical

Over the last two years four pump stations have been reprogrammed by an Instrumentation and Electrical employee to enable automatic start up of pumping equipment after power outages.

Typically after a power outage, an operator call out is required to restart the pumping equipment manually. The employee developed an auto restart solution to reduce the number of operator call outs to pump stations.

Customers' water supply is now restored within five minutes after a power outage ends as opposed to a half hour to two hours when carried out manually. This has improved service delivery and reduced the costs of call outs which range from \$3,000- \$10,000 per year for these four systems.

Pump Control – Pressure Control and Energy Reduction

SaskWater has variable speed drive controls installed at the majority of its facilities. The controls can reduce the speed of the water supply pumps during flow periods that are below the design flow of the pump. The speed drives are typically set to maintain a fixed water pressure for all flow rates.

Systems operate at flows below the peak flow the majority of the time. At these lower flows, less energy is consumed. However, the fixed pressure setting adds more energy than what is needed. SaskWater has identified that changing from the fixed pressure setting to a pressure curve that matches the pressure needs with the flow requirements for each system will provide further savings. Advances in control systems and increased expertise in programming the systems have helped make this type of change easier to carry out.

In 2012, SaskWater saved approximately \$73,000 in power on two transmission systems in its Saskatoon Service Area. Based on the success of these two systems, SaskWater plans to upgrade other facilities to a pump control curve to reduce power consumption and cost.

Codette Lake Pump Station Upgrades

SaskWater upgraded an aging and outdated Programmable Logic Controller and added a Variable Frequency Drive to provide additional pump control capabilities to reduce power costs at its Codette Lake Pump Station. These upgrades improve the communication between the water treatment plant and the raw water pump station and improve power and labour efficiencies.

Prior to the upgrade, operators at the treatment plant had limited data and information regarding the operation of the unmanned raw water pump station. When power outages occurred at the pump station, operators had to travel to the station to do a manual restart.

The upgrades were completed in July 2012, and since then, there have been 25 power outages that would have required two hour call outs each time. The upgrades have saved an estimated \$7,500 in travel, labour and power costs.

Asset Management

SaskWater began cataloguing all of its physical assets in 2006 as part of a comprehensive asset management program. In 2012, SaskWater introduced handheld devices with a mobile application of the asset management software. These handheld computers enable staff to enter asset information into the database remotely

from any location. Previously, asset information was only accessible at a computer workstation. The goal is to create a more efficient system for issuing work orders and logging the maintenance and repair history of any given piece of equipment. This initiative will help move repairs and maintenance work from reactive in nature to proactive. Ultimately a reduction of downtime and overtime will be realized.

Every pump, motor, valve, and individual piece of equipment in all of SaskWater's facilities will have a unique asset number installed on the equipment as a bar code. The handheld devices include a bar code scanner, giving staff access to that piece of equipment's information. Operators can also create work orders on the spot instead of waiting until they are back at the office. Twelve handheld asset management devices were distributed to operations staff in 2012 with 12 more devices scheduled for deployment in 2013.



Darcy Lueke, Senior Technologist,
Regional Systems, La Ronge.

Building a New Gravelbourg Water Treatment System

SaskWater completed a new water treatment plant for the Town of Gravelbourg in southern Saskatchewan in 2012. This new plant, using a combination of pretreatment, ultra filtration and nano filtration membrane systems, was the only option that met the Saskatchewan Ministry of Environment's (MOE) new regulations.

Gravelbourg had very challenging water. The raw water source, Thomson Lake, was difficult to treat as the water quality parameters fluctuate widely throughout the year. The water was particularly difficult to treat in winter when ice cover reduces the amount of dissolved oxygen in the water and manganese levels are elevated. When the soluble manganese reacts with disinfectant, colour and turbidity problems occur. Most of the year, potassium permanganate was injected at the raw water pump station to oxidize the soluble manganese. Sometimes in winter, manganese removal was difficult to achieve by injection alone and an additional oxidant, chlorine, was used. That, however, created problems with the trihalomethane (THM) levels.

The original treatment plant was a conventional surface water plant with coagulation, flocculation, sedimentation, filtration and

disinfection with chlorine (gas) and could not meet the new THM regulations that MOE introduced, nor could it address the aesthetic water quality issues of the Thomson Lake water.

In February 2009, after years of evaluating nine different treatment options, SaskWater determined a safe, sustainable, and reliable solution for Gravelbourg that would meet all regulatory requirements. The only option that met the THM regulations and addressed other aesthetic issues was an ultra filtration (UF) membrane system followed by a nano filtration membrane (NF) system.

The existing multi-media filtration system was not sufficient to prepare the water for the NF system. To solve this issue, the new plant retained the existing contact chamber flocculator and clarifier as pretreatment and converted the existing two filters to transfer chambers for the new UF/NF membrane system.

A UF membrane system was installed to take out the colloidal and bio-foulants and to bring down the Silt Density Index (SDI). An NF membrane system with smaller pores was installed to remove the dissolved minerals (i.e., TDS, hardness, sodium, sulphate, manganese, calcium and iron).



Grand opening of the Gravelbourg water treatment plant, May 25, 2012.

Once the water leaves the NF membranes, sodium hypochlorite is added as a disinfectant. The removal of the organics by the membrane systems greatly reduces the potential for disinfection by-products (THMs).

There were many challenges during construction as sections of the old plant had to continue to operate while other components were being phased out. New baffle walls were installed in the pumping well to increase the disinfection contact time in the event the main reservoir had to be taken out of service for maintenance. The treatment plant is on the edge of town and close to schools and businesses, so the gas chlorine system was converted to a safer sodium hypochlorite system. The two existing filters had to be decommissioned individually as they became the supply chambers for the new system.

The controls were upgraded with new Allen Bradley Programmable Logic Controllers at the lake pump station and the treatment plant, communicating to each other by cellular radios. The treatment plant now has a complete internal supervisory control and data acquisition (SCADA) controls system operating off of the Allen Bradley RSView platform which is also connected to the SaskWater provincial SCADA Water Control Centre in Regina. The new controls allow the plant to be controlled from the operators' console at the plant while also being monitored 24 hours a day, 365 days a year. The treatment plant staff computers are also connected to the SaskWater servers in Moose Jaw which allows more efficient flow of critical information.

The new treatment plant provides excellent water quality to Gravelbourg that meets or exceeds the regulatory levels for THMs and gives customers significant reductions in colour, turbidity, sodium, sulphate, hardness and alkalinity.

The community is very pleased with the new and improved water.

"The Town of Gravelbourg has worked towards a solution to our water quality issues for more than 12 years. With the assistance of funding, and the financial and technical support of SaskWater and its team of engineers we have now been able to realize safe, quality water for our current and future residents for many years to come," said Real Forest, Mayor of Gravelbourg.

SaskWater and the Town of Gravelbourg worked together to provide a safe, sustainable and cost effective solution that meets regulations and the needs of Gravelbourg residents now and in the future.



Enjoying a refreshing glass of water at the Gravelbourg grand opening celebration.

Customer Satisfaction

In 2012, SaskWater contracted Inshtrix Research to conduct a satisfaction and perception study with customers. SaskWater has been conducting this study every two years since 2006. The objectives of the study included the following:

- Measuring the importance of water services among customers
- Assessing overall satisfaction with SaskWater and the various aspects of their services
- Understanding perceptions of how SaskWater services are paid for
- Collecting suggestions on how to enhance SaskWater services

The survey was conducted in October 2012 with customers divided into four groups: association, community, industry and single users. Results have been compared with findings from previous years.

The results

Satisfaction with SaskWater

Overall satisfaction with SaskWater is strong and increased in 2012. Average satisfaction increased from 8.42 in 2010 to 8.54 in 2012 on a scale from 1 to 10. 92% of customers surveyed were either very satisfied (52.6%) or moderately satisfied (39.4%) with SaskWater.

Overall satisfaction with SaskWater is strong, with more than one half of customers claiming to be very satisfied.



How Important is Water

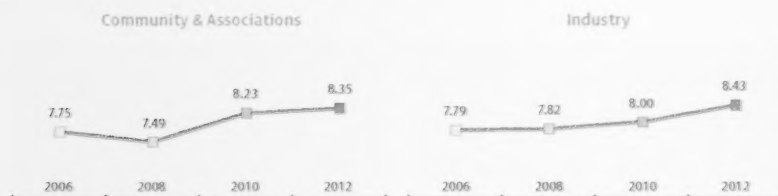
Water continues to be extremely important to our communities and association groups, with a rating of 9.38 out of 10 when asked how important water is to the community's operation. This is down slightly from 2010 when the level was 9.77. This is not a significant decline, and it is important to note that customers and communities rank the importance of water in their community as very high.

It is also important to note that customers rank providing safe drinking water as the most important service provided by SaskWater. The corporation ranked very highly for providing safe drinking water, with an average rating of 9.6.

Recommend Working with SaskWater

Customers were asked if they would be likely to recommend SaskWater to similar organizations. A very high level, 92.1% of customers, would recommend SaskWater. This is down slightly from 2010 (94.1%) but up from 2008 (88%).

Overall satisfaction has gradually trended upwards among both community & association and industry clients.



Price for Water

Customers believe that the prices charged by SaskWater are fair and reasonable. The average rating for 2012 was 7.59 compared to 7.25 in 2010, indicating that the work that SaskWater has done to improve its infrastructure and provide safe and reliable water and service is being recognized by our customers.

Note: all scores above are based on a scale of 1 to 10.

Environmental Stewardship

Woodlot Effluent Irrigation

2012 was the second year of a five-year research project examining an alternative wastewater disposal technique – effluent irrigation on a woodlot. The demonstration research site is located on five acres near Moose Jaw and uses the city's wastewater effluent to irrigate tree plots. The project's expectations are to lower capital and operating costs significantly compared to other disposal options and create zero discharge into surface water bodies.

The project aims to provide a viable option to new, stricter criteria for discharging effluent to surface water bodies that were introduced in 2010. In many cases, secondary treated effluent from

wastewater treatment plants may not meet the new criteria, and therefore may have to undergo more advanced treatment. Meeting the new criteria will be financially challenging for small communities as traditional advanced wastewater treatment systems come at both a high capital and operation and maintenance cost.

SaskWater's main objectives of this project are to demonstrate a more cost effective way to address the effluent discharge issues and determine if woodlot effluent irrigation is suitable for a community.

One common solution in southern Saskatchewan for wastewater management is the evaporation pond. These are typically costly to build and maintain and require large parcels of land with appropriate quality soil types.

Another option already in use is irrigating farm fields with the effluent. There are many effluent irrigation systems in Saskatchewan that irrigate field crops with treated wastewater effluent. However, these systems do not use as much wastewater as the woodlot system, and they are dependent on the weather – they use more in drought years and less in wet years.

The woodlot example addresses other issues as well. SaskWater anticipates that the woodlot will result in zero discharge into surface water bodies. Woodlots can use poorer soils than an evaporation pond and can be built to suit the contours of the land. Woodlots have the ability to absorb much more effluent than field crops. They produce an environmental benefit by creating a new natural environment that can be maintained as a forest or harvested and replanted.



Young poplar trees beginning to grow.

The research site is using different species of trees to find the most suitable species for the region. The first year saw heavier than expected mortality in the trees with a 70% survival rate due to weeds and rodents. The trees that survived thrived, and the experience of the first year has generated useful practical lessons for the future.

One of the objectives completed in 2012 was the construction of a scalable irrigation system that can be used as a template for full-sized community projects along with the development of a commercial business model. One community has already expressed interest in an effluent irrigation woodlot and toured the research site in 2012.

This project is a partnership between SaskWater, the City of Moose Jaw, Communities of Tomorrow, Prairie Adaptation Research Collaborative (PARC), the Ministry of Agriculture and the Agroforestry Development Centre (ADC).

Reducing Greenhouse Gas Emissions

In 2012, SaskWater established a green house gas reduction target for the corporation. The target is an intensity based measure to track greenhouse gas emissions based on a ratio of greenhouse gas to total sales volume for potable and non-potable water and wastewater. The intensity based target allows SaskWater to continue growing and at the same time contribute to reducing greenhouse gas emissions.

SaskWater's target is a 2% per year reduction in the ratio starting in 2012 in order to obtain a 20% reduction from the 2006 ratio by the year 2020.

In 2011, SaskWater's green house gas emissions were 22,000 metric tonnes of equivalent carbon dioxide (CO₂e). Approximately 86% of SaskWater's emissions are from electrical power use and that figure may grow to 90% within the next few years with the addition of the new facilities currently under construction.

The energy efficiency gains described in the section Efficiency Reporting (page 24) will help SaskWater meet these targets.



The newly established effluent irrigation site.

Growing the Business



Kellyn Bollinger, Senior Project Engineer, Major Projects, Moose Jaw.

Growth is a key factor to SaskWater's long term success. SaskWater is focusing on growth in areas that support both the growing province and the corporation's goal to be financially sustainable. SaskWater is working with several industrial and municipal customers to develop new water infrastructure. This infrastructure will be able to support the needs of these customers now and into the future.

Strategies for Growing the Business

- Increase Understanding of the Value of Water
- Increase Awareness of SaskWater
- Ensure Viable Business Ventures
- Increase Customer Base and Service Offerings

SaskWater Completes Service to New K+S Legacy Project

SaskWater signed water supply agreements with K+S Potash Canada for potable water in November 2011 and non-potable water in June 2012. SaskWater completed construction of a new non-potable water supply system to the K+S mine site in 2012. The K+S Legacy Project is the first greenfield solution potash mine in Saskatchewan in nearly 40 years.

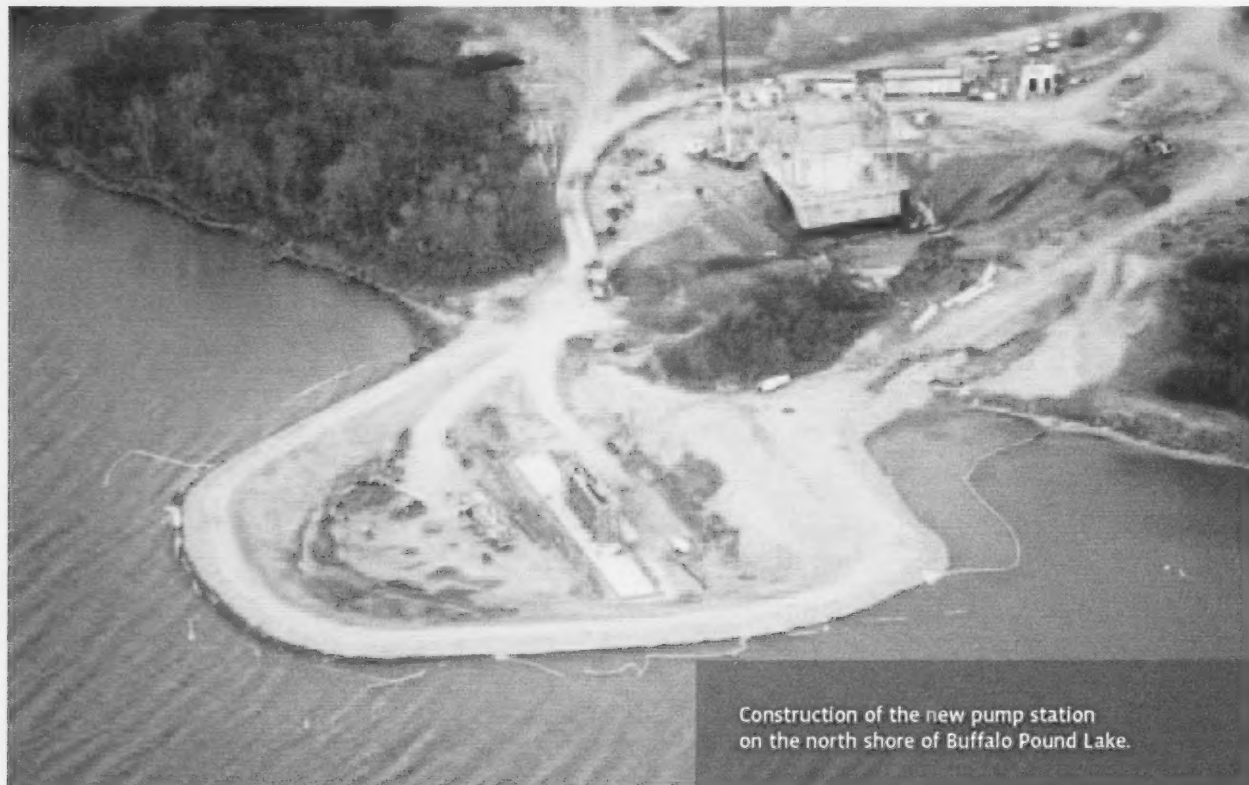
Located 45 kilometres north of Moose Jaw, the Legacy mine gets its water from Buffalo Pound Lake. SaskWater finished construction of a new pump station on the north shore of the lake, a new intake structure, a metering station, a new access road, and six kilometres of pipeline. By the end of 2012, the new system was operational, and SaskWater began supplying non-potable water to the mine.

The project involved construction of a new spur dyke into Buffalo Pound Lake with an intake structure that incorporates

screens to prevent fish from getting into the system. The spur dyke contributed to new fish habitat which mitigated the environmental impact of the structure. In addition, SaskWater completed erosion protection measures along the lake shore to provide further environmental benefits. The erosion measures involved building cattle exclusion fencing to prevent cattle from getting to the shore.

The construction phase included growth in the aboriginal workforce, with approximately 5% of workers from local First Nations. The completed pump station also required SaskWater to hire an additional operator. SaskWater will fully commission the pump station when K+S is ready for larger volumes of water, likely in 2013.

Potable water service to the site also started in 2012 with the completion of a 6.5 km pipeline, a rechlorination facility and a connection from SaskWater's existing Buffalo Pound North system.



Construction of the new pump station on the north shore of Buffalo Pound Lake.

Commissioning a New Water Treatment Plant for the Town of Cupar

SaskWater completed the construction of a new water treatment plant for the Town of Cupar in 2012. The town's previous water treatment process did not consistently meet the regulatory standards set out by the Ministry of Environment. This milestone is a good example of the many years that typically go into the planning, development and construction phases of a project with a customer community.

This project began four years ago when the town asked SaskWater to develop a business model for the new plant, which SaskWater presented to the community in July 2008. Funding was secured in February 2009, and SaskWater began working under a project management agreement with the town in March of that year. Preliminary design work was completed by February 2010, and in March 2010 the project management agreement between SaskWater and the town was extended to include overseeing the detailed design work. The Town of Cupar signed a Water Supply Agreement with SaskWater in October 2010.

Construction of the water treatment plant began in April 2011, and was substantially complete and began supplying water to the town in May 2012. The project also included an expansion of their wastewater lagoon to allow for the additional water discharged into the sewer system from the new plant.

Cupar is a town of approximately 650 people located 73 km northeast of Regina. The new water treatment plant will have adequate capacity to support Cupar for the next 25 years.

Welcoming the Village of Hepburn & One Arrow First Nation

SaskWater welcomed two new customers in 2012 when the Village of Hepburn and the One Arrow First Nation began receiving potable water from two of our supply systems.

One Arrow First Nation, north and east of Saskatoon, connected to the Wakaw-Humboldt Line and was commissioned in January. The Village of Hepburn, north of Saskatoon, connected to SaskWater's line on the Saskatoon Treated Water Supply System North. Hepburn's new distribution system was fully operational in February.



Inside the new water treatment plant at the Town of Cupar.

BHP Billiton

SaskWater signed a significant Water Supply Agreement with a major new entrant in Saskatchewan's potash industry in 2012.

SaskWater is working with BHP Billiton Canada Inc. (BHP) to design and construct a water supply system for their proposed potash mine near Jansen Lake (east of Lanigan). This is a conventional shaft mine, and once operational, will be the biggest potash mine in the world. This work was initially contracted through a project management agreement and continues under the terms of a water supply agreement which SaskWater and BHP negotiated and signed in September 2012.

BHP Billiton has invested \$2 billion to date in Saskatchewan's economy with this project. The mine is expected to employ approximately 2,600 people during construction. There will be 1,000 operational jobs once the mine has reached full capacity. BHP estimates a 70 year lifespan of the mine.

The proposed water system consists of a pump station/intake, 94 km of pipeline and a booster station, sourcing water from the Zelma Reservoir on the Saskatoon Southeast Water Supply (SSEWS) system. SSEWS canal upgrades will also be required to maximize canal flow.

Construction of the water supply system is expected to be finished in 2015. The mine is expected to begin production in 2016.



One of many truckloads of pipe arrives on site for the start of construction of the BHP pipeline.

Working in Northern Saskatchewan

SaskWater works with communities and First Nations in northern Saskatchewan on water and wastewater projects. We provide project management services on behalf of the Ministry of Government Relations. Our work up north includes planning, design and construction of water and wastewater infrastructure across more than half the province.

Three major projects that SaskWater is proud to highlight for 2012 took place in the Northern Village of Buffalo Narrows in northwest Saskatchewan, the Northern Village of Denare Beach in partnership with the Peter Ballantyne Cree Nation in the northeast of the province, and the Northern Hamlet of Stony Rapids in the far north.

Buffalo Narrows

In Buffalo Narrows, SaskWater is managing a significant upgrade to the water treatment plant. This project includes the construction of a new building and reservoir and installing new process equipment. The new water treatment plant is being upgraded from the existing conventional water treatment system for northern Saskatchewan that included up flow clarification and sand filtration to ultra membrane filtration and nano membrane

filtration. The tender was awarded in August 2012, and the target completion date is September 2013. The project also includes upgrades to three of the seven wastewater pumping stations servicing the community.

This project is the first major upgrade to the Buffalo Narrows water treatment plant since it was built in the late 1970s. This \$7.6 million project is being funded by the Canada-Saskatchewan Building Canada Fund (BCF), the Northern Municipal Trust Account (NMTA), and the municipality.

Denare Beach & Peter Ballantyne Cree Nation

SaskWater also managed the upgrades to the wastewater treatment plant servicing the Village of Denare Beach and the Peter Ballantyne Cree Nation (PBCN) in 2012. The original wastewater treatment plant was built in the 1980s. A downstream use study completed in 2010 identified the need to improve the quality of effluent discharge from the existing wastewater treatment plant. The project included new treatment process equipment, upgrades to the sludge drying pits, and renovations to the existing building. The wastewater treatment technology was upgraded from the existing rotating biological contactor (RBC) to a sequencing batch reactor (SBR) system. The SBR process technology improves the final effluent quality.



Construction of the new water treatment plant in Buffalo Narrows.

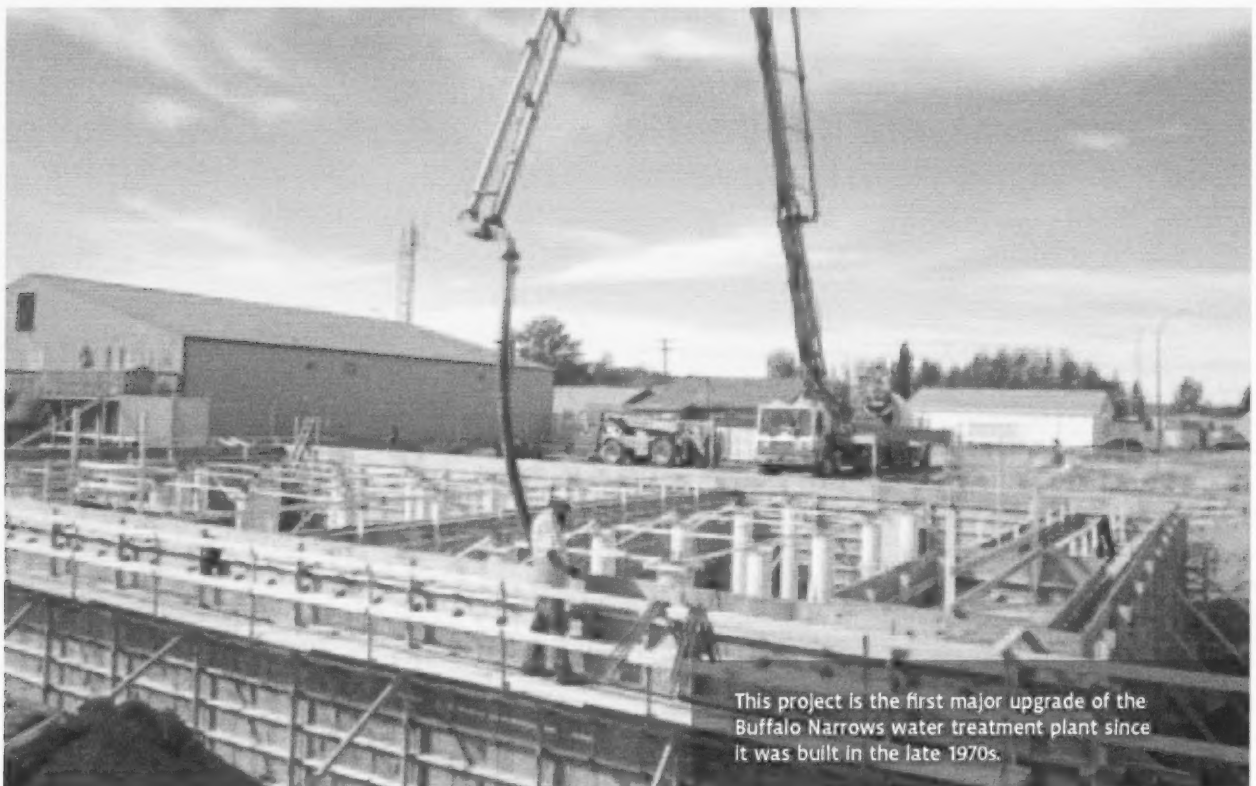
The tender for this multi-year, multi-million dollar project was awarded late in 2010. The project was substantially complete in November 2012 and final completion is targeted for March 2013. Funding partners for this \$5.3 million project were the Canada-Saskatchewan Building Canada Fund, the Northern Municipal Trust Account, the municipality, and PBCN / Aboriginal Affairs and Northern Development Canada.

Stony Rapids

SaskWater saw the culmination of more than a year's work with the completion of the Stony Rapids wastewater lagoon construction in 2012. The original expectation was to expand the existing lagoon, but in the course of the project it was determined that a new lagoon needed to be built at a new location. The project also involved upgrading an existing sewage pumping station, constructing a new access road, and extending the existing wastewater force main. This \$5.3 million project was funded by the Canada-Saskatchewan Building Canada Fund, the Northern Municipal Trust Account, and the municipality.

Northern Municipal Trust Account

The Northern Municipal Trust Account represents 35 northern communities. Its board is made up of mayors, councillors, and administrators from the northern towns, villages, hamlets, and settlements it represents. The NMTA board advises the provincial Minister of Government Relations on infrastructure needs in these communities. SaskWater provides ongoing technical advice to the NMTA board and communities and assists in the planning and prioritization of the water and wastewater needs in the communities. SaskWater provides technical advice, project management, and general engineering services for water and wastewater related emergencies. In 2012, SaskWater administered more than \$10 million in NMTA projects.



This project is the first major upgrade of the Buffalo Narrows water treatment plant since it was built in the late 1970s.

The Value is Clear

SaskWater continued the value of water campaign in 2012 maintaining "The value is clear" as the message. This campaign began in 2009 with the objective of creating greater awareness and understanding of how and why water is valued. It also highlights the value SaskWater brings as a water and wastewater services provider.

During the campaign, "The value is clear" billboards were placed in Belle Plaine, Davidson, Hague, Vanscoy, Meskanaw and Balgonie. This year we ran the billboards twice. The first campaign ran from January through April to capture World Water Day, and the second ran from June through August during the season when most water is used by households in Saskatchewan.

We also ran two schedules of online advertising with four different media: Facebook, MySask, Google and The Weather Network. Total impressions for the first run were 8,279,989 with 5,506 click throughs to the SaskWater website conservation page. The second run had 7,419,487 impressions with 4,577 click throughs.

"Fresh water is an extremely valuable resource, which we need to conserve."

— Resident feedback from our website

Value of water themed ads appeared in the SUMA Urban Voice and the SUMA Convention handbook, and value of water messaging was sent to customers using handbills. Our customers received three different handbills in 2012. These included World Water Day, indoor water saving tips for the winter months and outdoor water saving tips for the summer months.

To draw attention specifically to World Water Day, we added television and print advertising to the campaign. During the week leading up to World Water Day, we ran 5 second and 15 second television ads provincially and print ads in Regina, Saskatoon and Moose Jaw newspapers. We also ran ads in 15 weekly papers in our customer areas encouraging communities and residents to celebrate and learn more about World Water Day.

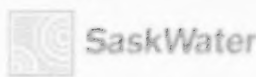
Our Customer Satisfaction Survey indicates that customers are developing a better understanding of the value of water and the costs to bring safe, reliable water to their taps. Although a rate increase was implemented in 2012 with most communities, when we followed the trending of the perception of fair pricing over the



International World Water Day is held annually on March 22 as a means of focusing attention on the importance of freshwater and advocating for the sustainable management of freshwater resources.

Each year, World Water Day highlights a specific aspect of freshwater. This year, the theme is Water and Food Security, bringing attention to the relationship between food production and water use.

saskwater.com/conservation



past six years, most communities felt that the price charged for water is fair. This trend continues to improve, showing a steady increase in 2008, 2010 and 2012. See chart below.

As Saskatchewan's commercial Crown water utility, SaskWater knows that without safe, reliable water services, our people and communities—like most vibrant, living things—cannot survive. As such, we remain committed to helping communities and people understand the true value of water. *"The value is clear"* campaign will continue through 2013.

Perceptions of fair prices is improving among community & associations customers.

Tracking Perception
of Fair Prices

Community & Associations



Succeeding Financially



Lorna Montgomery, Accountant (front), Ingrid Newton, Manager, Policy and Planning, Nish Prasad, Account Manager, Sales, Candice Hennenfent, Financial Rate Analyst, and Tim Jansen, Senior Project Manager, Major Projects, Moose Jaw head office.

SaskWater's goal is to become financially sustainable and increase corporate equity on an annual basis. To achieve this, SaskWater has been focusing on improving revenues annually by implementing new efficiency programs and ensuring that customer's rates are aligned with the cost to provide service.

Strategies for Succeeding Financially

Increase Revenue
Increase Efficiency and Effectiveness
Rates Based on Cost of Service Principles

Management's Discussion and Analysis

2012 Highlights and Results

Net Income

SaskWater's financial performance in 2012 was the second best on record since becoming focused exclusively as a commercial water utility in 2002, generating a surplus of \$3.0M (\$3.5M in 2011). The company was able to continue growing its business, both in terms of new customers and increased services to existing customers. Year over year returns were significantly impacted by uncontrollable mark to market adjustments on the corporation's debt retirement funds in both 2012 and 2011. Income in 2012 was negatively affected by \$267,000 while income in 2011 was positively affected by \$228,000, resulting in a net difference of \$495,000 year over year. Other variances and highlights are further set out below.

Water Volumes

- Total water sales volumes increased to 40.7 million cubic metres, up from 35.2 million cubic metres in 2011. A significant portion of the increase relates to a new major industrial non-potable water customer coming on part way through 2011 compared to a full year in 2012. There was also some growth from potable customers year over year. Offsetting these increases was a year over year decrease in other existing non-potable major industrial customer use due to market demands.

Operating Revenues

Operating revenues increased by \$7.6M or 22.1% to \$41.8M, up from \$34.2M in 2011.

- Water sales and treatment revenue increased \$3.5M from 2011. Water sales and treatment include:
 - Potable water supply
 - Non-potable water supply, and
 - Wastewater treatment

Potable water supply revenue increased by \$1.5M over 2011 to \$13.2M in 2012. This is mainly a result of new rates and associated new facilities in two communities as well as existing customer growth.

Non-potable water supply revenue increased by \$2.0M over 2011 to \$15.2M in 2012. This mainly relates to a full year of revenue from an industrial customer that had a partial year of revenue in 2011.

Wastewater treatment revenue decreased marginally, down \$34,000 from 2011 to \$578,000 in 2012.

- Services revenue increased by \$3.3M from 2011. Services include:
 - Project management
 - Program and project management for the northern water and sewer program funded by the Ministry of Government Relations
 - First Nations operator training and technical support, and
 - Leak detection services

Project management contracts account for an increase of \$3.1M. This line of business provides services on an as-needed basis and in 2012 provided services to potential potash mine developers. Certified operations and maintenance revenues remained nearly the same in 2012 as in 2011, as did the Northern Project Management and Leak Detection lines of business. The First Nations Operator Training and Technical Support line of business had a marginal increase of \$0.1M.

- Other revenue increased by \$0.8M and primarily consists of amortization of contributions on newly operational capital projects.

Operating Expenses

Total operating expenses increased by \$7.3M or by 24.6% to \$36.9M from \$29.6M in 2011.

- Salaries and benefits have increased \$0.8M over 2011 and are mainly attributable to higher staffing levels in order to service new customers in both the non-potable and certified operations and maintenance lines of business.
- Operations, maintenance and overhead expenses have increased \$4.0M over 2011, of which \$2.9M was related to the increased activity in project management. Additional costs to supply and service additional potable, non-potable and certified operations and maintenance customers and volumes represent the increases in operations, maintenance and overhead costs.
- Additional amortization of property, plant and equipment costs year over year of \$1.5M represent additions to the asset base during 2012 as some major projects that were previously in progress have been completed and are now in service. Offsetting this increase was \$0.8M of additional amortized income from customer contributions related to the new in service assets.
- SaskWater purchases and resells potable water produced by other suppliers. Increased volumes as well as pricing increases from these suppliers have resulted in an increase of \$0.7M as compared to 2011.
- SaskWater pays Corporate Capital Tax to the Province of Saskatchewan based on the level of paid-up capital it has at the end of a fiscal year. Corporate Capital Tax was \$674,000 for 2012, compared to \$247,000 for 2011, which is an increase of \$427,000. The 2012 amount included an adjustment for 2011, which increased the 2012 expense by \$67,000, while the 2011 amount included an adjustment for 2010 that reduced the 2011 expense by \$157,000.
- Net finance expense is up \$/31,000 over 2011.

Finance income is down \$115,000 from 2011. Debt retirement fund interest revenue is up \$42,000; this was offset by changes in debt retirement fund positive market adjustments which decreased \$162,000. Interest charged on overdue accounts receivable is up \$5,000 from 2011.

Finance expenses have increased \$616,000. Changes in debt retirement fund negative market adjustments accounted for \$333,000 of the increase in finance expense. Financing costs associated with operations have increased \$295,000 as a result of a full year of interest on one instrument compared to a partial year in 2011. This was slightly offset by a decrease of \$12,000 for the financing expense related to the unwinding of the discount on Provisions in 2012, as compared to the same period in 2011.

Capital Investment

In 2012, \$26.0M was spent on capital projects including new construction and expansion, existing infrastructure refurbishment and asset management programs. SaskWater invested \$5.6M from its own source funds and the remainder was received from customers as contributions in aid of capital. Significant projects include:

- Design and construction of the Saskatoon Potable Water Supply System – North – Warman Pipeline Expansion to accommodate growth in the community
- Design and construction of the Zelma East Non-Potable Water Supply System to supply water for the BHP Billiton Jansen potash mine
- Completion of construction of the new Clarence Avenue Booster Station on the Saskatoon Potable Water Supply System – East system to accommodate growth in communities and rural users east and south of Saskatoon
- Completion of construction of the Cupar Water Treatment Plant to replace the existing water treatment plant which was at the end of its useful life
- Design and construction of the Regina Non-Potable Water Supply System – East – Highway No. 1 Crossing to address a pipeline leak situation and also provide increased flow capacity into the White City Water Treatment Plant
- Completion of construction of the Buffalo Pound Non-Potable Water Supply System – North project which will supply water to the new K+S potash mine north of Buffalo Pound Lake; and,
- Completion of construction of the Gravelbourg Water Treatment Plant Upgrades required to meet Saskatchewan's Drinking Water Quality Standards

Key Performance Factors

- Approximately 79% of water volume sales and 34.4% of total revenue was derived from the sale of non-potable water to industrial customers for use in their processes. Changes in their production cycles, due to market factors, affect SaskWater's sales.
- Weather affects sales to municipal customers. Drought increases sales while cool, wet weather reduces sales.

Key Financial Data

- Assets total \$186.4M (2011 – \$179.3M)
- Return on equity (net income as a percentage of equity) is 7.5%
- Debt ratio (debt as a percentage of debt plus equity) is 53.9%
- SaskWater did not declare a dividend to CIC in 2012

2013 Outlook

- SaskWater expects total revenues from all lines of business to increase by \$2.5M to \$44.3M (6.0%) as a result of continued growth from municipal potable customers as well as increased industrial water usage. These increases are expected to be offset by a slowdown in project management work as the potash related projects either come to a close or move to the construction phase.
- The corporation expects to report net income of \$4.0M in 2013.
- SaskWater expects to invest a maximum of \$16.6M net (\$81.9M gross, with the difference made up from customer contributions in aid of capital) in water and wastewater infrastructure projects in the province. Investments include:
 - SSEWS Zelma East (BHPB) Pump Station, Booster Station and Pipeline
 - White City Potable Water Treatment Plant Reservoir Growth and Capacity Upgrade
 - Buffalo Pound Non-Potable Water Supply System – East expansion
 - Buffalo Pound Non-Potable Water Supply System – East (Vale) Pump Station, Booster Station and Pipeline
 - Echo Regional Wastewater System cell growth
 - General Asset Management Projects

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS). The President/CEO along with the CFO have certified that SaskWater conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting, and, based on the results of this assessment, SaskWater can provide reasonable assurance that internal controls over financial reporting as of December 31, 2012 and December 31, 2011 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Future Accounting Changes

The following standards and amendments to standards have been issued but are not effective for the year ended December 31, 2012:

- IFRS 9 Financial Instruments, effective January 1, 2015
- IFRS 10 Consolidated Financial Statements, effective January 1, 2013
- IFRS 11 Joint Arrangements, effective January 1, 2013
- IFRS 12 Disclosure of Interests in Other Entities, effective January 1, 2013
- IFRS 13 Fair Value Measurement, effective January 1, 2013
- IAS 19 Employee Benefits, effective January 1, 2013
- IAS 27 Consolidated and Separate Financial Statements, effective January 1, 2013
- IAS 28 Investments in Associates, effective January 1, 2013

For all of the above standards and amendments to standards they take effect for annual periods beginning on or after the noted effective date (earlier application is permitted in all cases).

The extent of the impact of these new standards and amendments to standards has not been determined.

Risk Management

SaskWater is subject to a number of risks that can affect achievement of its strategic goals and business objectives. In 2012, to better manage its risks, SaskWater initiated an Enterprise Risk Management (ERM) program. As part of this program, risks are to be integrated into the Corporation's strategic, business and performance management processes.

SaskWater has identified the major corporate risks to minimize or eliminate the impact of these risks to the corporation's business and financial operation. Mitigation strategies have been identified which are linked to the corporation's strategic and business plans. The Board and management of SaskWater have considered these risks and risk mitigation strategies as part of their annual review.

The following discussion outlines the major risks that have been identified and the strategies to deal with them.

Financial Risk

Financial risk refers to the adequacy of revenues to meet expenses, allow for asset refurbishment and fund growth opportunities. SaskWater's customer base is relatively small, serving approximately 62,000 people dispersed over a wide geographic area, plus a limited number of larger industrial customers operating outside of major urban centres.

As a water service provider, revenues are impacted by the amount of precipitation received each year and by the market conditions impacting the production needs of large industrial customers. A significant portion of the company's revenues are concentrated in a few larger customers and SaskWater revenues are susceptible to fluctuations in volume usage from these customers, due to the nature of the corporation's volumetric based rates.

SaskWater has several long-term service contracts that were entered into before SaskWater was directed to operate as a commercial Crown. Many of these contracts include rates and rate adjustment mechanisms that are not in accordance with the cost of service model currently in use, which has resulted in the majority of these customers not paying the full cost of service. As these contracts come up for renewal over the next several years, the corporation will negotiate and move these customers to the current rate methodology.

The corporation employs multiple strategies to mitigate the above risks, including:

- An annual review of its service rates using an industry standard cost of service methodology
- Minimum purchase requirements in contracts are applied to offset the effect of volatility in service needs
- Business policies are in place to govern the amount of investment SaskWater will make in systems that can be supported by the expected revenues
- Capital programs are managed to remain within a sustainable ratio of debt to equity
- The corporate culture reinforces a need for cost efficient operations
- Business development activities focus on expanding the customer base with an emphasis on leveraging existing regional water supply systems

Contamination of Potable Water

Water is a fundamental requirement for life and has a high inherent risk to the public's health if a contamination of water supplies were to occur. Contamination of water supplies could result in multiple health related issues, severe illness and in the worst case scenario cause death. Consequently, water is a highly regulated resource and requires urgent responses to any difficulties encountered.

SaskWater meets or exceeds the regulatory requirements for treatment on all of its potable water supply systems to ensure the health and safety of customers. Other mitigation strategies include:

- Extensive water quality testing and reporting
- Ensuring system operators meet or exceed the regulatory requirements for education and training
- Working closely with the regulatory agencies regarding SaskWater's water works infrastructure and participating in consultations with respect to potential future regulatory changes
- A remote monitoring system that is operated 24 hours a day 365 days a year to augment manual operations and to provide instant alarms in case of problems
- Customer notification procedures in place to notify customers regarding precautionary drinking water advisories or boil water orders
- Researching, testing and implementing new technologies and techniques to improve the quality of source and drinking water

Service Interruptions and Failures

Water and wastewater treatment plants are subject to operational risks including mechanical failure, accidents, storms and power failures. SaskWater also has aging systems that were built in the 1960s which require upgrades to ensure the continued provision of safe and reliable services to customers.

SaskWater has strategies in place to mitigate these risks including:

- Increased capital spending on asset refurbishment for all of SaskWater's systems particularly for those systems that require critical asset upgrades
- Emergency response plans are in place for individual facilities
- Vulnerability assessments have been completed, including site security
- Contact procedures are in place to notify customers in cases of service interruptions
- Remote monitoring in place 24 hours a day, 365 days a year to provide instant alarms in case of problems
- Systems are designed with some redundancy to minimize down time
- System audits of water treatment plants are conducted every five years by third parties to identify potential issues
- Customers are encouraged to have water storage reserves to meet their needs in cases of service interruptions. In extreme circumstances, water may be hauled from other locations.

Human Resources

The provision of water services requires a highly trained and committed workforce with a wide range of skills. The growing Saskatchewan economy results in competitive market pressures for retention and recruitment of staff. Provincially, there is a shortage of qualified operators as the number of new students entering the operator program is significantly less than the number of individuals retiring. Attracting staff to rural areas present a challenge as many prefer to pursue job opportunities in larger centres.

SaskWater's mitigation strategies include:

- A commitment to train staff
- Recruitment of youth through the Co-op student and Gradworks programs
- Maintaining a competitive remuneration package
- A commitment to safe work environments, employee safety training and a comprehensive safety program
- Implementation of employee performance management systems designed to link corporate objectives with individual work plans and to provide constructive feedback on performance
- Succession planning, including cross training opportunities for staff

Uncertain Regulatory Environment

SaskWater is subject to federal and provincial water and environmental regulations, which have been changing. The federal government has implemented new regulatory guidelines regarding wastewater management which will have implications on how regulations will be applied at the provincial level. Water standards and guidelines are frequently assessed to ensure the health and safety of the public.

In October 2012, the provincial water regulatory agencies were amalgamated into the Water Security Agency of Saskatchewan. Along with the development of this new agency, a *25 Year Saskatchewan Water Security Plan* was released which highlights the areas where water management in the province will be changed and/or improved. In particular, there will be a review of the current water legislations, including water quality, wastewater management, water right allocations, etc, which will have an impact to SaskWater's business.

This risk is effectively managed as SaskWater has a good working relationship with the provincial and federal regulatory agencies. SaskWater is often consulted with respect to potential changes. For example, throughout the development of the *25 Year Saskatchewan Water Security Plan*, SaskWater's personnel provided input into the process, and as such, the Corporation understands the potential regulatory changes that may occur and is planning accordingly.

Five Year Comparisons

Key Financial Data

	2012 Actual	2011 IFRS	2010 IFRS	2009 GAAP	2008 GAAP
Operating Income (Loss)	\$ 3.0M	\$ 3.5M	\$ 0.4M	\$ 0.5M	\$ (1.0M)
Grant Funding from CIC	\$ 0.0M	\$ 0.0M	\$ 0.0M	\$ 0.0M	\$ 0.1M
Total Assets	\$ 186.4M	\$ 179.3M	\$ 153.8M	\$ 95.0M	\$ 79.1M
Return on Average Equity	7.5%	9.4%	1.3%	1.4%	(3.1%)
Debt Ratio	53.9%	57.6%	58.5%	58.3%	55.2%

Key Operational Data

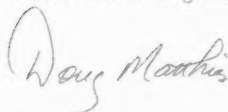
	2012	2011	2010	2009	2008
Total Customer Accounts	402	395	373	371	369
Total Sales Volumes (cubic metres)	40.7M	35.2M	20.7M	19.2M	21.4M
Kilometres of Potable and Non-Potable Pipeline	862	860	850	822	809
Full Time Equivalent Employees	105.4	101.0	95.2	90.0	97.2

Management's Report on Internal Control over Financial Reporting

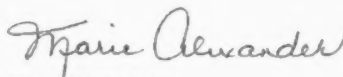
I, Doug Matthies, the President and Chief Executive Officer of SaskWater, and I, Marie Alexander, Vice President and Chief Financial Officer of SaskWater, certify the following:

- a. That we have reviewed the financial statements included in the Annual Report of SaskWater. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of December 31, 2012.
- b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of SaskWater do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.
- c. That SaskWater is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and SaskWater has designed internal controls over financial reporting that are appropriate to the circumstances of SaskWater.
- d. That SaskWater conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, SaskWater can provide reasonable assurance that internal controls over financial reporting as of December 31, 2012 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

On behalf of management,



Doug Matthies
President and CEO
February 28, 2013



Marie Alexander
Vice President and CFO

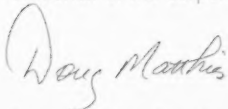
Management's Responsibility

Management has prepared the financial statements of the Corporation in accordance with International Financial Reporting Standards. The financial data included elsewhere in this report is consistent with these statements and the underlying information from which the Corporation prepared them.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, the Corporation maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Corporation.

Deloitte LLP, the Corporation's external auditors, have examined the December 31, 2012 financial statements and their report follows. The Board of Directors of SaskWater has examined and approved the statements.

On behalf of the Corporation,



Doug Matthies, President
February 28, 2013

Independent Auditor's Report

To the Members of the Legislative Assembly

Province of Saskatchewan

We have audited the accompanying financial statements of Saskatchewan Water Corporation, which comprise the statement of financial position as at December 31, 2012, and the statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Water Corporation as at December 31, 2012, and its financial performance and its cash flows for the year ended December 31, 2012 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants

February 28, 2013

Regina, Saskatchewan

Statement of Comprehensive Income

for the year ended December 31

(thousands of dollars)

	2012	2011
Revenue (note 4)		
Water sales and treatment	\$ 29,025	\$ 25,493
Services	10,391	7,118
Other	2,396	1,637
	<u>41,812</u>	<u>34,248</u>
Expenses		
Salaries and benefits	10,089	9,335
Operations, maintenance and administration	14,313	10,312
Amortization of property, plant and equipment	7,158	5,702
Bulk water purchases	4,690	4,031
Saskatchewan taxes	674	247
	<u>36,924</u>	<u>29,627</u>
Net income before the following	4,888	4,621
Finance income	627	742
Finance expense	(2,466)	(1,850)
Net finance expense (note 5)	(1,839)	(1,108)
Net income	3,049	3,513
Other comprehensive income	-	-
Total comprehensive income	\$ 3,049	\$ 3,513

See accompanying notes

Statement of Financial Position

as at

(thousands of dollars)

	December 31, 2012	December 31, 2011
Assets		
Current assets		
Cash (note 6)	\$ 8,251	\$ 19,667
Trade and other receivables (note 7)	9,660	12,637
Prepaid expenses and inventories	463	396
	18,374	32,700
Investment – debt retirement funds (note 8)	10,450	7,648
Property, plant and equipment (note 9)	157,569	138,951
	\$ 186,393	\$ 179,299
Liabilities and Province's Equity		
Current liabilities		
Trade and other payables (note 10)	\$ 7,931	\$ 7,944
Notes payable (note 11)	16,161	17,209
Infrastructure deposits (note 12)	5,966	19,131
Current portion of deferred revenue (note 12)	3,432	1,362
Current portion of long-term debt (note 14)	5,000	—
	38,490	45,646
Deferred revenue (note 12)	64,415	48,216
Provisions (note 13)	2,154	2,182
Long-term debt (note 14)	38,700	43,700
Employee benefits (note 15)	418	388
	144,177	140,132
Province's equity		
Equity advance (note 16)	8,700	8,700
Retained earnings	33,516	30,467
	42,216	39,167
	\$ 186,393	\$ 179,299

Commitments and Contingencies (note 18)

See accompanying notes

on behalf of the Board:


Chair


Director

Statement of Changes in Equity

for the years ended

(thousands of dollars)

	Retained Earnings	Equity Advances	Total
Province's Equity			
Balance, December 31, 2011	\$ 30,467	\$ 8,700	\$ 39,167
Total comprehensive income	3,049	—	3,049
Balance, December 31, 2012	\$ 33,516	\$ 8,700	\$ 42,216

See accompanying notes

Statement of Cash Flows

for the year ended December 31

(thousands of dollars)

	2012	2011
Operating activities		
Net income	\$ 3,049	\$ 3,513
Items not affecting cash from operations:		
Amortization of property, plant and equipment	7,158	5,702
Impairment of assets	—	4
Amortization of deferred revenue	(2,149)	(1,767)
Amortization of provisions – onerous contracts	(175)	(330)
Employee benefits	30	53
Net financing expense	1,839	1,108
Loss on disposal of property, plant and equipment	82	46
Change in non-cash working capital items:		
Trade and other receivables	2,977	(3,188)
Prepaid expenses and supplies	(67)	(67)
Trade and other payables	(13)	1,889
Infrastructure deposits	(13,165)	(6,848)
Deferred revenue	20,418	22,828
Interest paid	(2,041)	(1,918)
Interest received (refunded)	25	20
Cash provided by operating activities	17,968	21,045
Investing activities		
Repayments of long-term receivables	—	249
Property, plant and equipment expenditures	(25,961)	(31,104)
Proceeds on disposal of property, plant and equipment	158	90
Cash used in investing activities	(25,803)	(30,765)
Financing activities		
Proceeds from long-term debt	—	3,900
Proceeds from (Repayments of) notes payable	(1,048)	2,143
Debt retirement fund installments	(2,533)	(2,265)
Equity contributions	—	—
Cash provided by financing activities	(3,581)	3,778
Change in Cash	(11,416)	(5,942)
Cash, Beginning of Year	19,667	25,609
Cash, End of Year	\$ 8,251	\$ 19,667

See accompanying notes

Notes to the Financial Statements

December 31, 2012

1. General information

The Saskatchewan Water Corporation (the Corporation) is a corporation located in Canada. The address of the Corporation's registered office and principal place of business is 200-111 Fairford Street East, Moose Jaw, SK, S6H 1C8.

The Corporation was established on July 1, 1984 under the authority of *The Water Corporation Act* which remained in effect until September 30, 2002. On October 1, 2002 *The Saskatchewan Water Corporation Act* was proclaimed.

By virtue of *The Crown Corporations Act, 1993*, the Corporation has been designated as a subsidiary of Crown Investments Corporation of Saskatchewan (CIC). Accordingly, the financial results of the Corporation are included in the consolidated financial statements of CIC, a Provincial Crown corporation. As the Corporation is a Provincial Crown corporation, it is not subject to Federal or Provincial income taxes in Canada, but is subject to Provincial corporate capital tax.

The principal activity of the Corporation is to construct, acquire, manage or operate water facilities and to provide services in accordance with any agreements that it enters into pursuant to *The Saskatchewan Water Corporation Act*.

2. Basis of preparation

Statement of compliance

The Corporation's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorized for issue by the Board of Directors on February 28, 2013.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments that are accounted for according to the financial instrument categories defined in Note 3(m).
- Provisions defined in Note 3(e).
- Employee benefit obligations defined in Note 3(i).

Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Corporation's functional currency.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 7 – valuation of trade and other receivables
- Note 9 – amortization of property, plant and equipment
- Note 12 – deferred revenue and infrastructure deposits
- Note 13 – provisions
- Note 15 – measurement of employee benefits
- Note 18 – commitments and contingencies

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Inventories

Maintenance materials and treatment supplies inventory are recorded at the lower of weighted average cost and net realizable value. The net realizable value of inventory is the estimated market price for the same or similar items. Materials and supplies are charged to inventory when purchased and then expensed or capitalized when used.

b) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated provisions for impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets for those projects that are under construction for a period greater than six months. Assets under construction are recorded as in progress until they are available for use, at which time they are transferred to property, plant and equipment.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net income as incurred.

When property, plant and equipment is disposed of or retired, the related cost, accumulated depreciation and any accumulated impairment losses are eliminated. Any resulting gains or losses are reflected in net income for the period.

c) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in net income on a straight-line or diminishing balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Notes to the Financial Statements

December 31, 2012

3. Significant accounting policies – continued

c) Depreciation – continued

The depreciation rates used for asset classes are as follows:

Property, plant and equipment	Method	Rate
Building	straight-line	2.5% to 5%
Water facilities	diminishing balance or straight-line, as appropriate	2% to 30%
Maintenance equipment and office equipment	diminishing balance or straight-line, as appropriate	10% to 30%

Depreciation methods, estimated useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

d) Impairment

i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

The Corporation considers evidence of impairment for receivables at a specific asset level. All individual receivables are assessed for specific impairment.

In assessing the individual impairments the Corporation takes into account information related to each individual customer's current receivable position and any other factors related to the customer that are known to allow management to make estimates as to the collectability of each specific receivable.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income.

3. Significant accounting policies – continued

d) Impairment – continued

ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. Where a reasonable and consistent basis can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

e) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense. Currently the only provision recognized relates to onerous contracts.

f) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Corporation recognizes any impairment loss on the assets associated with that contract.

Notes to the Financial Statements

December 31, 2012

3. Significant accounting policies – continued

g) Government grants

Government grants are recognized initially as deferred revenue at fair value when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in net income on a systematic basis in the same periods in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are recognized in net income on a systematic basis over the useful life of the asset.

h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the services provided, net of discounts and sales taxes. Revenue from the rendering of services is recognized in the period the services are provided when there is clear proof that an arrangement exists, amounts are determinable and the ability to collect is reasonably assured.

Customer contributions are received from customers, generally in the form of cash, to assist in the construction of assets to provide services to the contributing customers. Prior to the commencement of construction these amounts are recorded as infrastructure deposits. As construction occurs these amounts are transferred to deferred revenue.

When completion of the construction is determined to be a separately identifiable service, these amounts are recognized directly into net income. When completion of construction is not determined to be separate from the ongoing supply or services, these amounts are transferred to deferred revenue and recognized in net income over the term of the contract with the customer. If the contract does not specify a period or evergreens, the revenue shall be recognized over a period no longer than the useful life of the related assets used to provide the ongoing service.

i) Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Corporation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income in the periods during which services are rendered by employees.

iii) Defined benefit retirement allowance plan

The Corporation's obligation is the amount of future benefit that employees have earned in return for their service in the current and prior periods. At each year-end the future benefit is actuarially determined using the projected benefit method. Any actuarial gains or losses are recognized in net income.

j) Lease payments

Payments made under operating leases are expensed on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

3. Significant accounting policies – continued

k) Finance income and expense

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in net income, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net income using the effective interest method.

l) Equity advance

The Corporation periodically receives funding from its parent and sole equity holder, Crown Investments Corporation of Saskatchewan. Funding is first analyzed to determine whether the funding is a transaction with the equity holder in their capacity as an equity holder, i.e. equity injection, or whether the funding would be available to other parties for a specific purpose. If there is no requirement to comply with certain conditions relating to the operating activities of the Corporation, the funding is recorded as an equity advance. If the Corporation must comply with certain past or future conditions relating to the operating activities of the Corporation, and the funding could be available to other parties for a specific purpose, the funding is recorded as a government grant (see Note 3(g)).

m) Financial instruments

i) Non-derivative financial assets

The Corporation initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Corporation manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Corporation's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in net income as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in net income. The Corporation has classified sinking funds as financial assets at fair value through profit or loss.

Notes to the Financial Statements

December 31, 2012

3. Significant accounting policies – continued

m) Financial instruments – continued

i) *Non-derivative financial assets – continued*

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables and long-term receivables.

Cash

Cash includes short-term investments with original maturities of three months or less. Bank indebtedness when incurred, forms a part of the Corporation's cash management and is included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

The Corporation does not have any assets classified as held-for-trading or held-to-maturity.

ii) *Non-derivative financial liabilities*

The Corporation initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

iii) *Other liabilities*

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation does not have any financial liabilities classified as fair value through profit or loss.

n) New standards and interpretations not yet adopted

The following standards and amendments to standards have been issued but are not effective for the year ended December 31, 2012:

Standards or amendments to standards	Effective Date
IFRS 9 Financial Instruments	January 1, 2015
IFRS 10 Consolidated Financial Statements	January 1, 2013
IFRS 11 Joint Arrangements	January 1, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 Fair Value Measurement	January 1, 2013
IAS 19 Employee Benefits	January 1, 2013
IAS 27 Consolidated and Separate Financial Statements	January 1, 2013
IAS 28 Investments in Associates	January 1, 2013

For all of the above standards and amendments to standards are effective for annual periods beginning on or after the noted effective date (earlier application is permitted in all cases).

The extent of the impact of these new standards and amendments to standards have not been determined.

4. Revenue

	December 31, 2012	December 31, 2011
	(Thousands)	
Water sales and treatment		
Potable water supply	\$ 13,229	\$ 11,684
Non-Potable water supply	15,218	13,197
Wastewater treatment	578	612
	<u>29,025</u>	<u>25,493</u>
Services		
Certified operations & maintenance	1,308	1,289
Project management	7,668	4,527
Northern project management	518	496
Operator training	890	804
Leak detection	7	2
	<u>10,391</u>	<u>7,118</u>
Other		
Amortization of customer contributions	1,908	1,059
Amortization of government grants – capital related	231	260
Government grants – operations related	—	7
Miscellaneous revenue	257	311
	<u>2,396</u>	<u>1,637</u>
	<u>\$ 41,812</u>	<u>\$ 34,248</u>

Notes to the Financial Statements

December 31, 2012

5. Finance income and expenses

	December 31, 2012	December 31, 2011
	(Thousands)	
Finance Income		
Debt retirement fund earnings	\$ 536	\$ 494
Positive changes in fair value of debt retirement funds	66	228
Other finance income	25	20
	<u>627</u>	<u>742</u>
Finance expenses		
Interest expense on short-term debt	201	199
Interest expense on long-term debt	1,833	1,727
Negative changes in fair value of debt retirement funds	333	—
Unwinding of discount on provisions	147	159
Other interest expense	6	1
Borrowing costs capitalized to qualifying assets	(54)	(236)
	<u>2,466</u>	<u>1,850</u>
Net finance expense	<u>\$ (1,839)</u>	<u>\$ (1,108)</u>
Interest capitalization rate	<u>0.30%</u>	<u>0.80%</u>

6. Cash

Cash consists of cash available for current purposes and restricted use cash. Restricted use cash is only available for a specific capital project as it relates to an infrastructure deposit agreement and will be drawn upon as actual expenses are incurred.

	December 31, 2012	December 31, 2011
	(Thousands)	
Cash available for current purposes	\$ 294	\$ 519
Restricted use cash	7,957	19,148
	<u>\$ 8,251</u>	<u>\$ 19,667</u>

7. Trade and other receivables

	December 31, 2012	December 31, 2011
	(Thousands)	
Trade receivables	\$ 7,832	\$ 5,496
Accrued receivables	1,895	7,190
Other receivables	19	16
	9,746	12,702
Allowance for doubtful accounts	(86)	(65)
	<u>\$ 9,660</u>	<u>\$ 12,637</u>

The Corporation's exposure to credit risks and impairment losses related to trade and other receivables is disclosed in Note 20.

8. Investment – debt retirement funds

Under conditions attached to the Canada Pension Plan Investment Board long-term debt issues from the Province of Saskatchewan's General Revenue Fund (GRF), the Corporation is required (on an annual basis) to invest an amount equal to one per cent of the related outstanding debt. The investments, referred to as debt retirement funds, are administered by Saskatchewan's Ministry of Finance. The investments in debt retirement funds are held by the Province of Saskatchewan. The yield on the investments was 2.9% for 2012 (11.36% for 2011). Debt retirement funds are held for trading financial assets and are recorded at fair value on the statement of financial position. The changes in the carrying amount of debt retirement funds are as follows:

	December 31, 2012	December 31, 2011
	(Thousands)	
Debt retirement funds, beginning of year	\$ 7,648	\$ 4,661
Installments	2,533	2,265
Earnings	536	494
Change in fair value of debt retirement funds	(267)	228
Debt retirement funds, end of year	<u>\$ 10,450</u>	<u>\$ 7,648</u>

Debt retirement fund installments due in each of the next five years are as follows:

	(Thousands)
2013	\$ 387
2014	387
2015	363
2016	339
2017	313
	<u>\$ 1,789</u>

Notes to the Financial Statements

December 31, 2012

9. Property, plant and equipment

	Buildings	Water Facilities	Maintenance & Office Equipment	Assets under Construction	Land	Total
	(Thousands)					
Cost						
Balance at December 31, 2011	\$ 2,522	\$ 167,701	\$ 3,849	\$ 29,401	\$ 1,606	\$ 205,079
Additions	—	145	579	25,294	—	26,018
Transfers	—	42,663	78	(42,869)	128	—
Disposals	—	(376)	(143)	—	—	(519)
Balance at December 31, 2012	\$ 2,522	\$ 210,133	\$ 4,363	\$ 11,826	\$ 1,734	\$ 230,578
Depreciation and impairment losses						
Balance at December 31, 2011	\$ 1,262	\$ 62,221	\$ 2,645	\$ —	\$ —	\$ 66,128
Depreciation	126	6,777	305	—	—	7,158
Impairment adjustment	—	—	—	—	—	—
Disposals	—	(221)	(56)	—	—	(277)
Balance at December 31, 2012	\$ 1,388	\$ 68,727	\$ 2,894	\$ —	\$ —	\$ 73,009
Carrying amounts						
Balance at December 31, 2011	\$ 1,260	\$ 105,480	\$ 1,204	\$ 29,401	\$ 1,606	\$ 138,951
Balance at December 31, 2012	\$ 1,134	\$ 141,406	\$ 1,469	\$ 11,826	\$ 1,734	\$ 157,569

At December 31, 2012 the Corporation had property, plant and equipment that was fully depreciated and still in use with a cost of \$14,134 (December 31, 2011 \$13,825).

For the year, capitalized borrowing costs related to the acquisition of land and construction of new assets amounted to \$54 (December 31, 2011 \$236), with a capitalization rate of 0.3% (2011 0.8%).

10. Trade and other payables

	December 31, 2012	December 31, 2011
	(Thousands)	
Trade payables	\$ 1,556	\$ 3,190
Interest payable	385	385
Other payables	5,990	4,369
	\$ 7,931	\$ 7,944

The Corporation's exposure to liquidity risk related to trade and other payables is disclosed in Note 20.

11. Notes payable

	December 31, 2012	December 31, 2011
	(Thousands)	
Amount outstanding	\$ 16,161	\$ 17,209
Interest Rate	1.10%	1.09%
Due Date	28 Mar-13	31 Mar-12

By Orders-in-Council, SaskWater is authorized to borrow up to \$30 million (2011 – \$30 million) by way of temporary loans from the Province of Saskatchewan's General Revenue Fund (GRF).

The Corporation's exposure to interest rate and liquidity risk related to notes payable is disclosed in Note 20.

12. Deferred revenue and infrastructure deposits

	December 31, 2012	December 31, 2011
	(Thousands)	
Deferred revenue		
Balance, beginning of year	\$ 49,578	\$ 28,517
Deferred revenue additions	2,457	13,405
Transferred from infrastructure deposits	17,961	9,423
Amortization of deferred revenue	(2,149)	(1,767)
	67,847	49,578
Less: Current Portion of Deferred Revenue	(3,432)	(1,362)
Non-current balance, end of year	\$ 64,415	\$ 48,216

	December 31, 2012	December 31, 2011
	(Thousands)	
Infrastructure deposits		
Balance, beginning of period	\$ 19,131	\$ 25,979
Customer contributions received	6,024	2,575
Transferred to deferred revenue	(17,961)	(9,423)
Transferred to project management revenue	(1,228)	-
Balance, end of period	\$ 5,966	\$ 19,131

Notes to the Financial Statements

December 31, 2012

13. Provisions

	December 31, 2012	December 31, 2011
	(Thousands)	
Balance, beginning of year	\$ 2,182	\$ 2,353
Provisions used during the year	(253)	(259)
Provisions increased (reversed) during the year	78	(71)
Unwinding of the discount on provisions	147	159
	<u>\$ 2,154</u>	<u>\$ 2,182</u>

The Corporation has onerous contracts related to two potable systems. The systems have significant contracts in effect until December 31, 2022 and December 31, 2026 respectively. The changes to the provision were related to system performance that was different than anticipated during 2012 and 2011.

14. Long-term debt

	December 31, 2012			December 31, 2011	
Date of Maturity	Coupon Rate (per cent)	Effective Rate (per cent)	Outstanding Amount (Thousands)	Effective Rate (per cent)	Outstanding Amount (Thousands)
01 Dec 13	3.80	3.80	\$ 5,000	3.80	\$ 5,000
12 Dec 15	4.30	4.30	2,407	4.30	2,407
10 Jan 16	4.21	4.21	2,400	4.21	2,400
11 May 17	4.46	4.46	2,600	4.46	2,600
03 Mar 18	4.45	4.45	5,000	4.45	5,000
01 Sep 19	4.16	4.16	4,500	4.16	4,500
01 Mar 20	4.14	4.14	5,093	4.14	5,093
01 Dec 21	2.96	2.96	3,900	2.96	3,900
01 Mar 24	5.32	5.32	2,100	5.32	2,100
10 Apr 25	5.05	5.05	1,700	5.05	1,700
03 Dec 30	4.32	4.32	9,000	4.32	9,000
			<u>43,700</u>		<u>43,700</u>
Less: Current portion of long-term debt			(5,000)		—
			<u>\$ 38,700</u>		<u>\$ 43,700</u>

These loans are payable to the Province of Saskatchewan's GRF with interest payable semi-annually. The Corporation's exposure to interest rate and liquidity risk related to long-term debt is disclosed in Note 20.

14. Long-term debt – continued

Long-term debt repayments in each of the next five years are as follows:

	(Thousands)
2013	\$ 5,000
2014	–
2015	2,407
2016	2,400
2017	2,600
Thereafter	31,293
	<u>\$ 43,700</u>

Under conditions attached to certain advances from the Province of Saskatchewan the Corporation is required to pay annually, into debt retirement funds administered by the Saskatchewan Ministry of Finance, amounts at least equal to 1% of certain debt outstanding (Note 8).

15. Employee benefits

a) Defined benefit retiring allowance plan

The amounts related to the defined benefit retiring allowance plan for executive, management employees and members of the Communications, Energy and Paperworkers Union are as follows:

	December 31, 2012	December 31, 2011
	(Thousands)	
Accrued benefit liability	\$ 418	\$ 388
Benefits paid during the year	\$ 30	\$ 10
Net expense	\$ 60	\$ 63

The significant actuarial assumptions adopted in measuring the Corporation's annual accrued benefit liability are:

Discount rate	3.50%	4.00%
Inflation rate	2.50%	2.50%
Average remaining service life	13.4 years	12.7 years

The discount rate has been determined using the most recent information available on corporate bond market yields whose duration approximates the duration of the liabilities.

b) Defined contribution pension plan (Thousands)

The Corporation's employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan which is sponsored by CIC. The Corporation's contributions to the Plan include making regular payments into the Plan equal to 160% of the required amounts contributed by employees for current service. The total amount paid to the Plan to date was \$619 (year ended December 31, 2011 – \$579).

Notes to the Financial Statements

December 31, 2012

16. Equity advance and capital disclosure

The Corporation does not have share capital. However, the Corporation has received advances from CIC to form its equity capitalization. The advances reflect an equity investment in the Corporation by CIC.

The Corporation's debt management plan is built on the goal of ensuring the capacity to meet long term obligations and ensuring financial health, while achieving the growth plans of the Corporation.

As a Crown corporation, SaskWater receives its long-term capital funding primarily from the Saskatchewan Ministry of Finance. SaskWater also has access to a \$30 million line of credit.

The Corporation's capital consists of notes payable, long-term debt and equity, less debt retirement funds.

The Corporation monitors capital on the basis of the debt ratio. The current long-term debt ratio target is 60%, which is consistent with the prior period. The debt ratio is calculated as net debt divided by end of period capitalization as follows:

	December 31, 2012	December 31, 2011
	(Thousands)	
Gross long-term debt	\$ 43,700	\$ 43,700
Notes payable	16,161	17,209
Debt retirement funds	(10,450)	(7,648)
Net debt	49,411	53,261
Total equity	42,216	39,167
Capitalization	\$ 91,627	\$ 92,428
Debt ratio	53.9%	57.6%

The Corporation has complied with all externally imposed restrictions on its debt for the year ended December 31, 2012.

17. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	December 31, 2012	December 31, 2011
	(Thousands)	
Less than one year	\$ 431	\$ 329
Between one and five years	1,142	1,099
More than five years	—	—
	\$ 1,573	\$ 1,428

The Corporation leases a number of vehicles, office equipment and the head office facilities under operating leases. During the year an amount of \$372 (2011 - \$341) was recognized as an expense in net income with respect to operating leases.

18. Commitments and contingencies

a) Contractual commitments (Thousands)

As of December 31, 2012, the Corporation has outstanding commitments of \$22,744 (December 31, 2011 = \$25,295) for construction contracts and consulting agreements primarily relating to assets under construction and other service contracts.

b) Litigation

The Corporation has provided, in its accounts, for any known claims from lawsuits or other legal proceedings for which there is material risk of liability to the Corporation in accordance with management's best estimates and the advice received from legal counsel. The Corporation intends to account for any differences which may arise between amounts provided and amounts expended in the period in which the claims are resolved.

19. Related party transactions

a) Related parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). The Corporation has elected to take partial exemption under IAS 24 *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government and other government related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. The Corporation also pays Saskatchewan provincial sales tax on all its taxable purchases to the Saskatchewan Ministry of Finance. Taxes paid are recorded as part of the cost of those purchases.

b) Compensation of key management personnel

Key management personnel include the President and Vice President positions. The compensation related to key management for employee services is shown below:

	December 31, 2012	December 31, 2011
	(Thousands)	
Salaries, wages and short-term employee benefits	\$ 609	\$ 608
Post-employment benefits	67	38
	<u>\$ 676</u>	<u>\$ 646</u>

Notes to the Financial Statements

December 31, 2012

20. Financial instruments and risk management

a) Fair values

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

The following summarizes the classification, carrying amounts and fair values of the Corporation's financial instruments:

		December 31, 2012		December 31, 2011	
		Asset (Liability)		Asset (Liability)	
	Classification ¹	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(Thousands)			
Financial assets					
Cash	FVTPL	\$ 8,251	\$ 8,251	\$ 19,667	\$ 19,667
Trade and other receivables	L&R	9,660	9,660	12,637	12,637
Debt retirement funds	FVTPL	10,450	10,450	7,648	7,648
Financial liabilities					
Trade and other payables	OL	7,931	7,931	7,944	7,944
Notes payable	OL	16,161	16,161	17,209	17,209
Infrastructure deposits	OL	5,966	5,966	19,131	19,131
Long-term debt	OL	43,700	48,740	43,700	48,798

¹Classification details are as follows:

FVTPL – Fair value through profit and loss

L&R – Loans and Receivables

OL – Other Liabilities

The estimated fair values of these financial instruments have been determined based on the following methods and assumptions, and may not represent the amounts that could be realized upon settlement.

All long-term debt obligations are estimated using discounted cash flow analysis based on current market yields for similar arrangements (Level 2). Debt retirement funds are valued at closing period-end unit prices received from the Saskatchewan Ministry of Finance (Level 2).

20. Financial instruments and risk management – continued

b) Determination of fair values

When the carrying amount of a financial instrument is the most reasonable approximation of fair value, reference to market quotations and estimation techniques is not required. The carrying values of cash, trade and other receivables, trade and other payables and notes payable approximate their fair values due to the short-term maturity of these financial instruments.

For financial instruments listed below, fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. Accordingly, the determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – Where quoted prices are readily available from an active market.

Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs, such as market interest rates.

	December 31, 2012		December 31, 2011	
	Level 1	Level 2	Level 1	Level 2
	(Thousands)			
Debt retirement funds	\$	\$ 10,450	\$	\$ 7,648
Long-term debt	\$	\$ 48,740	\$	\$ 48,798

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Debt retirement funds are monies set aside to retire outstanding debt upon maturity. The Corporation is required to pay annually into debt retirement funds which are held and invested by the Saskatchewan Ministry of Finance. The Corporation has classified these investments as fair value through profit or loss and therefore recognized the change in the market value in net earnings for the period. The impact of fluctuations in market prices related to these investments will not be significant, therefore management has not provided a sensitivity analysis of the impact.

The Corporation is exposed to interest rate risk on the maturity of its long-term debt. However, in the current low interest rate environment, these risks are considered low. Interest rate risk on these expected future borrowings are managed, based on the refinancing needs of the Corporation, using derivative financial instruments when deemed appropriate. The Corporation had no derivative financial instruments in place to offset interest rate risk as of December 31, 2012 and December 31, 2011. The change in rate would have no impact on net income due to classification of long-term debt as other liabilities.

Notes to the Financial Statements

December 31, 2012

20. Financial instruments and risk management – continued

d) Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. SaskWater manages the Corporation's cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of the Corporation's financial liabilities:

	December 31, 2012				
	6 months or less	7 – 12 months	Subsequent 1 Year	Subsequent 3 – 5 years	More than 5 years
	(Thousands)				
Trade and other payables	\$ 7,931	\$ —	\$ —	\$ —	\$ —
Notes payable	16,203	—	—	—	—
Long-term debt	916	5,917	1,643	11,919	39,192
	<u>\$ 25,050</u>	<u>\$ 5,917</u>	<u>\$ 1,643</u>	<u>\$ 11,919</u>	<u>\$ 39,192</u>
	December 31, 2011				
	6 months or less	7 – 12 months	Subsequent 1 Year	Subsequent 3 – 5 years	More than 5 years
	(Thousands)				
Trade and other payables	\$ 7,944	\$ —	\$ —	\$ —	\$ —
Notes payable	17,256	—	—	—	—
Long-term debt	916	917	6,833	9,582	43,172
	<u>\$ 26,116</u>	<u>\$ 917</u>	<u>\$ 6,833</u>	<u>\$ 9,582</u>	<u>\$ 43,172</u>

Future cash flows from operations and availability under existing credit facilities will be adequate to support these financial liabilities.

20. Financial instruments and risk management – continued

e) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentrations of credit risk relate to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Corporation is not exposed to a significant concentration of credit risk. The maximum credit risk to which the Corporation is exposed as at the following dates, is limited to the fair value of the financial assets recognized as follows:

	December 31, 2012	December 31, 2011
	(Thousands)	
Cash	\$ 8,251	\$ 19,667
Trade receivables		
Current	7,257	3,646
31 – 60 days	46	1,702
61 – 90 days	17	5
Over 90 days	512	143
Subtotal	7,832	5,496
Allowance	(86)	(65)
	7,746	5,431
Accrued and other receivables	1,914	7,206
Debt retirement funds	10,450	7,648
	\$ 28,361	\$ 39,952

Provisions for credit losses are maintained and regularly reviewed by the Corporation based on an estimate of outstanding amounts that are considered uncollectible. Historically, the Corporation has not written-off a significant portion of its accounts receivable balances. At December 31, 2012, the Corporation had a balance of \$86 (December 31, 2011 – \$65) recorded in the allowance for doubtful accounts.

Debt retirement funds are on deposit with, and being administered by, the Saskatchewan Ministry of Finance. At December 31, 2012, the Ministry has invested these funds primarily in Provincial government and Federal government bonds with varying maturities to coincide with related long-term debt maturities and are managed based on this maturity profile and market conditions. As such, the related credit risk associated with these investments as at December 31, 2012, is considered low.

Corporate Governance

Corporate governance is generally accepted as the set of processes, customs, policies, laws and institutions that affect how a corporation is directed, administered or controlled. Corporate governance includes the relationships among the stakeholders and the goals for which the corporation is governed. Effective corporate governance results in a well-run, high-performing and transparent organization, accountable to the public it serves. The shareholder, board of directors and management are instrumental in achieving effective corporate governance.

A. Authority

SaskWater is a statutory Crown corporation governed by The Saskatchewan Water Corporation Act, 2002, and is subject to the provisions of The Crown Corporation Act, 1993. Crown Investments Corporation of Saskatchewan (CIC), SaskWater's holding company, has the legislative authority to oversee and direct SaskWater.

On behalf of the Board of Directors, an independent director holds position of Chair, accountable to CIC and the Minister Responsible for Saskatchewan Water Corporation, the Honourable Ken Cheveldayoff. The Minister is a key link between SaskWater, CIC Board, Cabinet, the Legislature and the public.

B. Board of Directors

Responsibilities and Duties

The Board is responsible for SaskWater's stewardship while fostering success consistent with SaskWater's mandate. The Board works with management to oversee corporate operations, including:

- setting corporate direction
- guiding strategic planning processes
- executing performance evaluations
- annual and quarterly monitoring and reporting functions
- assisting in business plan development and approval
- monitoring processes and systems used to achieve sustainable operations

The SaskWater Board of Directors met ten (10) times in 2012.

C. Board Composition

The SaskWater Board consists of eight (8) independent directors. All are appointed for a set term by the Lieutenant Governor in Council, who also designates the Chair and Vice Chair.

D. Committees

At the beginning of 2012, the Board had three (3) standing committees to undertake detailed reviews and provide in-depth supervision in key areas of responsibility. The Committees of the Board were:

- Audit and Finance
- Governance
- Corporate Social Responsibility and Sustainability

The Board decreased the number of committees from three to two in August 2012. The Governance Committee and Corporate Social Responsibility and Sustainability Committee were merged into a new Governance and Corporate Responsibility Committee. At this time, Garry Moroz stepped down from the Audit and Finance Committee and moved to the new committee, and Jordan Bergermann moved from the merged committees to Audit and Finance. The new Governance and Corporate Responsibility Committee, with Gary Vidal as Chair, met one (1) time in 2012.

Audit and Finance Committee – held seven (7) meetings

Members: Ken Hookway (Chair), Glen Rittinger, Larry Burechailo, Garry Moroz

The Audit and Finance Committee helps the Board fulfill its financial accountability by:

- overseeing the corporation's budget, financial operations and results
- reviewing internal controls established by management and the Board
- participating in internal and external audit processes
- monitoring the adequacy and condition of capital assets
- reviewing and making recommendations on capital activities
- ensuring appropriate systems are in place to identify and manage risk

Governance Committee – held four (4) meetings

Members: Gary Vidal (Chair), Lionel LaBelle, Brenda Merasty, Jordan Bergemann

The Governance Committee reviews, develops and maintains SaskWater's governance practices and oversees the Board's nominating and governance activities, including:

- evaluating the performance of Board committees, Board Chair, individual directors and the President/CEO
- recommending Board and Committee structure, composition and mandate
- ensuring Board orientation and opportunities for professional development
- articulating the roles and responsibilities of the Board
- overseeing compensation policies and collective bargaining mandate

Corporate Social Responsibility and Sustainability Committee – held three (3) meetings

Members: Brenda Merasty (Chair), Lionel LaBelle, Gary Vidal, Jordan Bergemann

The Corporate Social Responsibility and Sustainability Committee was established to assist SaskWater in becoming a leader in utilizing sustainability policy and best practices. This includes:

- helping to develop and implement a corporate sustainability policy
- reviewing recommended policies, procedures and practices
- reviewing and monitoring compliance with legislation and statutory environmental and sustainability laws and regulations
- identifying potential environmental risks

Terms of Reference outlining the specific scope, duties and responsibilities of the SaskWater Board of Directors and Committees are available upon request by contacting the Corporate Secretary to the Board.

E. Governance Practices

In substantial alignment with current industry best practices, SaskWater's approach to corporate governance is consistent with the Canadian Securities Administrators' (CSA) Corporate Governance Guidelines and Disclosure Practices. These guidelines address areas of responsibility for effective corporate governance, including responsibility for stewardship of the corporation, the Board's role, and ensuring proper function of the Board, while maintaining its fiduciary obligation to the corporation.

SaskWater's corporate governance practices are benchmarked against CSA's Corporate Governance Guidelines. SaskWater's Corporate Governance Policies and Practices can be found at www.saskwater.com.

Board of Directors



From left to right:
Lionel LaBelle, Gary Vidal,
Larry Burechailo, Brenda Merasty,
Glen D. Rittinger, Ken Hookway,
Garry G. Moroz, Jordan C. Bergermann.

Chair, Glen D. Rittinger FCA, CFP.Ch Dir Swift Current

- Senior advisor to Stark & Marsh, Chartered Accountants 2012 to present
- Former partner with Stark & Marsh, Chartered Accountants 1978 to 2011
- Past instructor at the University of Regina and Athabasca College
- Past council member for Institute of Chartered Accountants of Saskatchewan and a past member of the Liability Insurance Committee for the Institute of Chartered Accountants of Saskatchewan, and Saskatchewan representative to the Interprovincial Task Force on Multidisciplinary Activities. Current member of the professional conduct committee
- Holds a B. Comm. from the University of Saskatchewan
- C.A. 1976 FCA 1992
- C.F.P. 1999
- Chartered Director 2012
- Past president of the Swift Current Kiwanis and the Swift Current Minor Hockey Association

Vice Chair, Lionel LaBelle Saskatoon

- President and CEO of Saskatchewan Trade and Export Partnership
- Previously worked as manager, partner, president and chairman of the board for several public and private corporations focused on agri-business, construction and the manufacturing industry
- In 2001 took on an advocacy role in the development of the biofuels industry both in Saskatchewan and Canada
- Current Board member Global Transportation Hub Authority

Larry Burechailo Rosetown

- Past Councillor and Deputy Mayor of Coteau Beach Resort Village
- Works at SaskPower, has represented CEP provincially on the SaskPower Safety Network Committee, and operates a farm
- Previously worked in the automotive wholesale industry in sales and as working partner, and served in the 2NSR Army Reserves
- Long time member of the Royal Canadian Legion and served seven years elected to Provincial Command
- Past President, Saskatoon, Rosetown, Biggar Conservative Constituency Association

Ken Hookway (Chair, Audit & Finance Committee) Melfort

- Agricultural Lending Specialist with Advantage Credit Union
- Employed in the banking industry for the past 36 years, 29 years in Western Canada and serving the Saskatchewan Farming Community since 1988
- Served as director and/or treasurer on many boards and committees such as the local Kinsmen Club, local United Church, Melfort Mustangs Junior Hockey Club, Melfort Chamber of Commerce, the University of Saskatchewan Regional Advisory Committee and STARS Melfort Fund Raising Committee
- Since 2001 has worked as a bookkeeper for many farm and business operations in the Melfort area

Gary Vidal CGA Meadow Lake

- Elected Mayor of the City of Meadow Lake in September 2011
- Partner in the firm Pliska Vidal & Co.
- Over 24 years of experience in the accounting profession
- Serves on various boards and committees in his community
- Earned designation as Certified General Accountant in 1994

Garry G. Moroz Pelly

- Operates a registered seed farm with both registered and commercial grain, and promotes crop care products for major chemical companies
- Previously worked as credit manager and regional sales manager for a major farm equipment manufacturer, and as owner of a farm equipment business
- Helped to establish a breeder hog barn in the Pelly area, and has been involved with the RM of St. Phillips
- Graduate of Assiniboine Community College at Brandon - Agricultural Sales and Management

Brenda Merasty Saskatoon

- Currently a consultant with JETA Holdings Limited
- Currently a board member of the Oskayak High School Saskatoon
- Previously worked at the Federation of Saskatchewan Indian Nations (FSIN) and the Assembly of First Nations (AFN) as a Senior Policy Analyst
- Formerly worked at the Saskatchewan Indian Institute of Technologies (SIIT) and as educational consultant and teacher
- Researched and implemented programs, strategies and conferences designed to advance and promote child and youth education, mentorship, community asset mapping/building, and address First Nations Education and Community issues
- Received a Masters Degree in Educational Administration from the University of Saskatchewan

Jordan C. Bergermann Muenster

- Councillor of the RM of Humboldt since 2005 (Reeve 2007 - present)
- Grain and livestock farmer, semi-retired in 2005
- Represents the RM of Humboldt on the Lanigan/Dellwood Watershed Association Board
- Appointed municipal representative to the Lake Lenore - Houghton Lake Planning Committee
- Began public office service in 1974 with the Muenster School Board as board member from 1974 to 1988 (chairman for nine years)
- Elected to the Humboldt Rural School Division 1988 to 1997 (chairman for six years)

Tanya Thome

- Corporate Secretary to the Board of Directors, Crown Investments Corporation

Corporate Directory

Doug Matthies, President

Dean Bellegarde, Aboriginal Advisor to the President

Operations and Engineering

Jeff Mander, Vice President, Operations and Engineering

Eric Light, Director, Engineering

Rynette Moore-Guillaume, Director, Operations

Glen Gillis, Manager, Northern Engineering

Shahid Khan, Manager, Water and Wastewater Engineering

Business Development and Corporate Services

Marie Alexander, Vice President, Business Development and Corporate Services

Monty Gendall, General Counsel

Randy Avery, Director, Business Development

Danny Bollinger, Manager, Financial Services

Kim Cave, Manager, Administration and Facility Services

Ingrid Newton, Manager, Policy and Planning

Brenda Stewart, Manager, Human Resources

Gayle Zimmerman, Manager, Corporate Communications

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